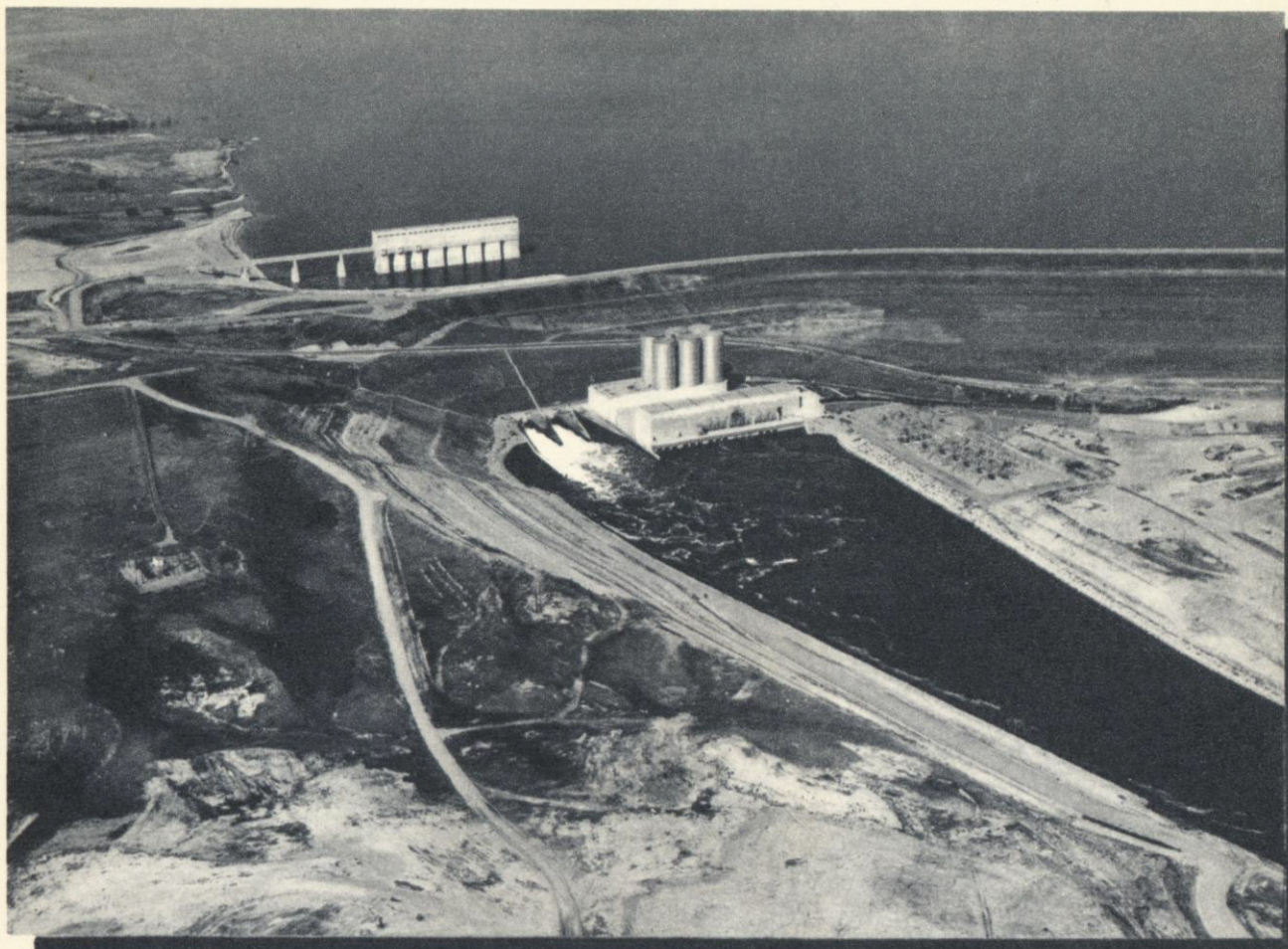
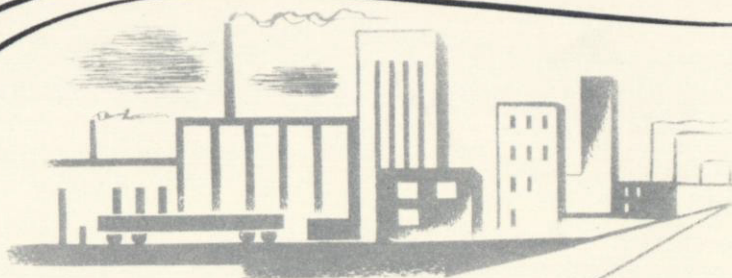


MINNEAPOLIS, ST. PAUL & SAULT STE. MARIE RAILROAD COMPANY



GARRISON DAM



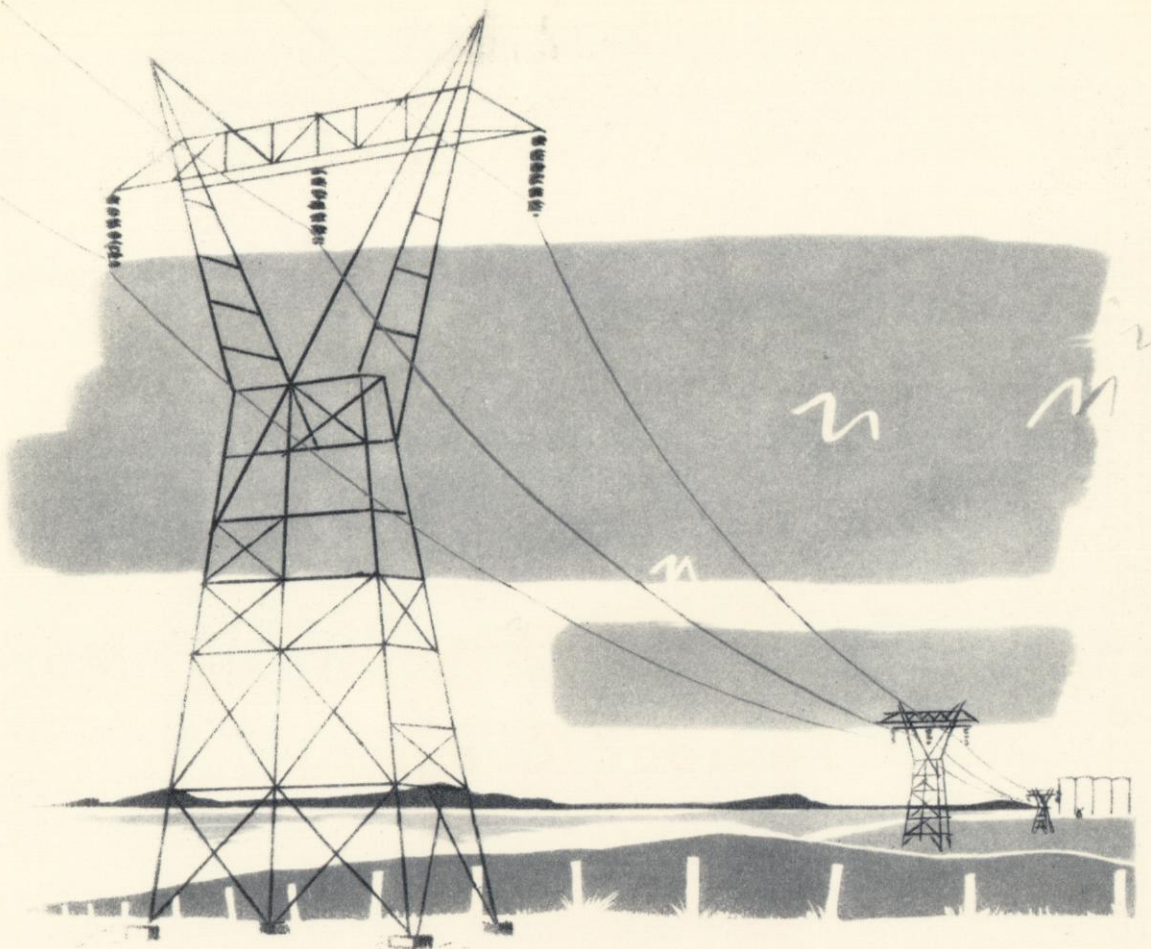
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BOARDS

Annual Report

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G A R R I S O N D A M

The world's largest rolled earth filled dam is built across the Missouri River south of Garrison, North Dakota, at Riverdale, a town that came into existence with the dam construction. A ten-mile U. S. Government-built access railroad connects the project with the Soo Line Railroad at Riverdale Junction, through which point all material used in the building of the dam was handled.

The construction of this \$200,000,000 dam began in 1946. The earth fill reaches across the river from bank to bank, a distance of two miles. The bottom of the dam is one-half mile in width and tapers up 211 feet to carry State Highway 7 across the top. The intake building rises to a height of 269 feet, or higher than a 25 story building. The dam is one of the major scenic sights in North Dakota.

The purpose of the dam is control and development of the great water resources of the Missouri River Basin. It has created a water reservoir 200 river miles long, and a recreation haven for hunting, camping, boating, and fishing, besides providing shelter and sanctuary for wild life in all forms. The water supply eventually will convert a million acres of semi-arid land into an area suitable for intense cultivation. The electric power capacity is 400,000 kilowatt hours, which would be sufficient for a city of 1,200,000 people.

The addition of available water and electric power to the other natural resources of the region, including lignite coal, of which North Dakota has six hundred billion tons, and the availability of good rail transportation facilities, materially increase the potential of this area for industrial development. A \$15,000,000 nitrogen fertilizer plant, to employ approximately 200 persons and produce 150,000 to 170,000 tons of fertilizer annually, is already in the planning stage, and may be located at a site in the vicinity of the Garrison Dam.

ANNUAL REPORT

of the

**Minneapolis, St. Paul & Sault Ste. Marie
Railroad Company**

**FOR THE YEAR ENDED
DECEMBER 31**

1 9 5 8



DIRECTORS

JUDSON BEMISMinneapolis, Minn.
Executive Vice President, Bemis Bro. Bag Company

J. D. BOND.....Minneapolis, Minn.
Vice President, M. St. P. & S. S. M. Railroad Company

N. R. CRUMP.....Montreal, Quebec
President, Canadian Pacific Railway Company

*PAUL V. EAMES.....Minneapolis, Minn.
Chairman of the Board, McCloud Lumber Company

*MILTON W. GRIGGS.....St. Paul, Minn.
President, Griggs, Cooper & Company, Inc.

G. W. P. HEFFELFINGER.....Minneapolis, Minn.
Executive Vice President, F. H. Peavey & Company

*HENRY S. KINGMAN.....Minneapolis, Minn.
Chairman of the Board, Farmers and Mechanics Savings Bank of Minneapolis

HENRY LALIBERTEDuluth, Minn.
President, Cutler Magner Company

*G. ALLAN MACNAMARA.....Minneapolis, Minn.
President, M. St. P. & S. S. M. Railroad Company

*HOWARD I. McMILLAN.....Minneapolis, Minn.
President, Osborne-McMillan Elevator Company

GORDON MURRAYMinneapolis, Minn.
President, First National Bank of Minneapolis

COLA G. PARKER.....Neenah, Wisconsin
Director, Kimberly-Clark Corporation

GEORGE S. PILLSBURY.....Minneapolis, Minn.
Vice President, The Pillsbury Company

H. H. WESTLIE.....Minot, N. D.
President, Westlie Motor Company

ROBERT C. WOOD.....Minneapolis, Minn.
President, Minneapolis Electric Steel Castings Company

*Member of Executive Committee

GENERAL OFFICES
FIRST NATIONAL-SOO LINE BUILDING
MINNEAPOLIS 2, MINNESOTA

OFFICERS

PRESIDENT.....G. A. MacNAMARA
VICE PRESIDENT.....J. D. BOND
VICE PRESIDENT—PERSONNEL, PUBLIC RELATIONS AND SAFETY.....C. S. POPE
VICE PRESIDENT AND GENERAL COUNSEL.....F. W. CROUCH
VICE PRESIDENT—TRAFFIC.....R. L. THORFINNSON
GENERAL MANAGER.....L. V. JOHNSON
ASSISTANT TO THE PRESIDENT AND SECRETARY.....G. C. STROMBERG
COMPTROLLER.....M. I. LABELLE
INDUSTRIAL AND REAL ESTATE COMMISSIONER.....G. T. BERGREN
TREASURER.....O. J. ANDERSEN
ASSISTANT TREASURER.....W. LEICESTER
ASSISTANT SECRETARY.....C. H. JUETTNER

APR 7 1959 A S

TRANSFER AND FISCAL AGENTS

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FIRST MORTGAGE BONDS

TRANSFER AGENTS:

THE NORTHERN TRUST COMPANY

50 S. La Salle Street.....Chicago 90, Ill.

BANK OF MONTREAL TRUST COMPANY

64 Wall Street.....New York 5, N. Y.

FISCAL AGENTS:

THE NORTHERN TRUST COMPANY

50 S. La Salle Street.....Chicago 90, Ill.

AGENCY, BANK OF MONTREAL

64 Wall Street.....New York 5, N. Y.

GENERAL MORTGAGE BONDS

TRANSFER AND FISCAL AGENTS:

HARRIS TRUST AND SAVINGS BANK

115 W. Monroe Street.....Chicago 90, Ill.

THE HANOVER BANK

70 Broadway.....New York 15, N. Y.

COMMON SHARES

TRANSFER AND PAYING AGENT:

THE BANK OF NEW YORK

48 Wall Street.....New York 15, N. Y.

REGISTRAR:

THE HANOVER BANK

70 Broadway.....New York 15, N. Y.

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ANNUAL SHAREHOLDERS MEETING

Third Tuesday in May at Minneapolis, Minn.

SUMMARY

	1958	1957	Increase or Decrease	%
TOTAL OPERATING REVENUES.....	\$ 42,971,060	\$ 47,425,096	\$ 4,454,036	9.39
TOTAL OPERATING EXPENSES.....	\$ 35,689,893	\$ 39,379,471	\$ 3,689,578	9.37
% of Total Operating Revenues.....	83.06	83.04	.02	.02
WAGES, PAYROLL TAXES, AND WELFARE BENEFITS \$	24,790,568	\$ 26,208,621	\$ 1,418,053	5.41
% of Total Operating Revenues.....	57.69	55.26	2.43	4.40
TAXES (OTHER THAN PAYROLL TAXES).....	\$ 1,822,611	\$ 2,269,733	\$ 447,122	19.70
% of Total Operating Revenues.....	4.24	4.79	.55	11.48
TOTAL WORKING EXPENSES.....	\$ 39,671,171	\$ 44,656,411	\$ 4,985,240	11.16
% of Total Operating Revenues.....	92.32	94.16	1.84	1.95
INCOME BEFORE FIXED AND CONTINGENT CHARGES.....	\$ 3,273,911	\$ 2,898,371	\$ 375,540	12.96
FIXED CHARGES AND CONTINGENT INTEREST.....	\$ 1,286,628	\$ 1,245,437	\$ 41,191	3.31
NET INCOME.....	\$ 1,987,283	\$ 1,652,934	\$ 334,349	20.23
Per share.....	\$ 2.76	\$ 2.30	\$.46	.....
SINKING FUND APPROPRIATIONS.....	\$ 100,645	\$ 100,645	.....	.....
BALANCE AFTER SINKING FUND CHARGES.....	\$ 1,886,638	\$ 1,552,289	\$ 334,349	21.54
Per share.....	\$ 2.62	\$ 2.16	\$.46	.....
INVESTMENT IN ROAD AND EQUIPMENT.....	\$167,743,854	\$165,687,851	\$ 2,056,003	1.24
RATE OF RETURN OF NET RAILWAY OPERATING INCOME ON NET INVESTMENT USED FOR TRANS- PORTATION PURPOSES.....	2.32%	1.97%*	.35%	.....
LONG-TERM DEBT (Exclusive of amounts due within one year)\$	30,478,946	\$ 31,469,573*	\$ 990,627	3.15
WORKING CAPITAL.....	\$ 7,515,266	\$ 7,102,102*	\$ 413,164	5.82
Ratio of Current Assets to Current Liabilities.....	1.79:1	1.59:1*	.....	.....
FREIGHT—Carloads.....	248,292	281,692	33,400	11.86
Tons.....	9,411,066	10,752,965	1,341,899	12.48
Ton miles.....	2,655,328,802	2,974,709,559	319,380,757	10.74
REVENUE PER NET TON MILE.....	1.50c	1.49c	.01c	.67
NUMBER OF PASSENGERS.....	152,828	159,620	6,792	4.26
REVENUE PER PASSENGER MILE.....	2.51c	1.99c	.52c	26.13

*NOTE: Figures for 1957 are restated to conform to accounting procedure prescribed by the Interstate Commerce Commission effective January 1, 1958. See Comments on the Balance Sheet on page 14.

TO THE SHAREHOLDERS:

The low level of business that existed in the country in the latter part of 1957 continued in 1958 and resulted in greatly reduced transportation income. Curtailment of expenditures in every possible way consistent with good service and safe operation of the property produced net income from all sources of \$1,987,283 compared with \$1,652,934 in 1957. After allowance for sinking fund charges, the balance in 1958 was \$1,886,638, or \$2.62 per share, compared with \$1,552,289, or \$2.16 per share, in 1957.

With only minor changes the Interstate Commerce Commission approved on September 9, 1958, for permanent application, the interim freight rate increases that became effective on February 15, 1958. The full effect of even these small increases in rates was lost through reduction in traffic units. Total operating revenues in 1958 amounted to \$42,971,060, a reduction of \$4,454,036, or 9.39%, from 1957 revenues of \$47,425,096. Total operating expenses were reduced in approximately the same proportion, 9.37%, or \$3,689,578.

While railroad business in 1958 was distinctly disappointing, there were developments during the year that brighten the outlook for the future. Effective August 1, 1958, the 3% excise tax on freight was removed. The Transportation Act of 1958 enacted by Congress was a step toward placing the railroads on a competitive level with other modes of transportation but was limited in scope. Much more must still be done before that objective is accomplished. The Senate also authorized further study of other railroad problems.

In the 1957 Annual Report, mention was made of proceedings before the Interstate Commerce Commission in which your company is seeking to extend its operations from Eben Junction to Marquette, Michigan, over tracks of the Lake Superior & Ishpeming Railroad Company, and the latter company is seeking to extend its operations over your company's branch line between Eben Junction and Rapid River. During 1958, Division 4 of the Commission denied the application. Your company and the Lake Superior & Ishpeming Railroad have requested that the full Commission review and reconsider the report of Division 4.

In November and December of 1958, your company gave notice that it would discontinue the operations of its passenger trains Nos. 5 and 6, operating between Minneapolis and Enderlin, North Dakota, and trains Nos. 64 and 65, operating between Duluth-Superior and Thief River Falls, Minnesota. The Interstate Commerce Commission ordered continuation of these services pending hearing and investigation in January of 1959. No decisions have been rendered, but if authority to discontinue the trains is granted by the Commission, your company's annual losses incurred in passenger train operations will be reduced by more than \$200,000.

Studies have been under way by your company and the Great Northern Railway to determine the economies that would result from coordination of approximately

forty-seven miles of parallel lines of the two companies in North Dakota. Any final plan that may be agreed upon by the two railroads must first be approved by the Interstate Commerce Commission before it may be put into effect.

Your board and the directors of the Wisconsin Central Railroad Company and the Duluth, South Shore and Atlantic Railroad Company have approved the making of a joint study of the economies, efficiencies, and advantages that may be secured by a merger or consolidation of the three railroads. The Canadian Pacific Railway Company owns fifty-one per cent of the stock of your company, and together with your company owns fifty-four per cent of the stock of the Wisconsin Central. The Duluth, South Shore and Atlantic is a wholly owned subsidiary of the Canadian Pacific Railway Company. The study will be made by personnel of the three railroads, and it will be some time before any specific results are known.

While any definite forecast for 1959 business is very difficult, there appears to be reason for some optimism. General business activity is expected to improve. The large amount of grain in storage along the company's lines, estimated to be 51,000,000 bushels, and fair prospects for a good crop in 1959, indicate potentially satisfactory grain traffic, dependent of course on maturing of the new crop and its movement to terminal markets.

In anticipation of the return to better business conditions, at least at present it is expected that rail relaying, ballast, and tie renewal programs, together with other necessary maintenance, will be at normal levels in 1959.

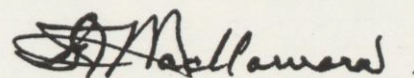
Equipment authorized for delivery in 1959 consists of one hundred box cars, fifty gondola cars, twenty-five flat cars, and twenty-five covered hopper cars. Total estimated cost of this equipment is \$1,643,275.

Dividends of 50 cents per share were paid in March and October, 1958. A dividend of 50 cents per share was declared on February 18, 1959, payable March 26, 1959.

Mr. Frank T. Heffelfinger, Chairman of the Board, F. H. Peavey & Company, and Mr. John S. Pillsbury, Honorary Chairman of the Board, The Pillsbury Company, requested that their names be omitted from the list of nominees to be elected directors at the annual meeting of shareholders on May 20, 1958. Mr. G. W. P. Heffelfinger, Executive Vice President, F. H. Peavey & Company, and Mr. George S. Pillsbury, Vice President, The Pillsbury Company, were elected to the Board of Directors of your company at that annual meeting.

To the entire personnel of the company the Board of Directors extends its thanks and appreciation for their cooperation and conscientious efforts throughout the year.

FOR THE BOARD OF DIRECTORS,



President.

Minneapolis, Minnesota, March 26, 1959.

CONDENSED INCOME ACCOUNT

	1958	1957	1956	1955	1954
INCOME RECEIVED					
Operating revenues:					
Freight.....	\$39,705,478	\$44,179,779	\$44,810,629	\$38,474,998	\$35,996,252
Passenger.....	744,911	852,254	883,025	927,296	978,930
Mail.....	1,212,222	1,145,797	1,104,816	1,058,140	1,188,448
All other.....	1,308,449	1,247,266	1,192,543	1,155,345	1,025,981
Total.....	42,971,060	47,425,096	47,991,013	41,615,779	39,189,611
Other income.....	326,411	346,993	284,667	219,224	181,717
Total income received.....	43,297,471	47,772,089	48,275,680	41,835,003	39,371,328
EXPENSES AND CHARGES					
Operating expenses:					
Maintenance of way and structures.....	7,626,342	10,133,481	9,662,188	8,312,719	8,334,212
Maintenance of equipment.....	7,622,968	8,348,509	8,110,928	7,620,441	7,581,398
Traffic.....	1,272,565	1,177,712	1,128,273	1,008,429	958,651
Transportation.....	16,743,511	17,429,643	16,751,113	14,466,908	14,993,061
Miscellaneous operations.....	179,301	196,262	225,698	232,887	239,982
General.....	2,245,206	2,093,864	1,734,324	1,438,177	1,348,019
Total.....	35,689,893	39,379,471	37,612,524	33,079,561	33,455,323
Other operating charges:					
Railway tax accruals.....	3,338,995	3,916,107	4,988,207	4,889,727	3,019,210
Equipment rents—net.....	374,297	1,048,242	1,287,572	66,347	21,105
Joint facility rents.....	267,986	312,591	289,309	251,005	221,760
Total.....	3,981,278	5,276,940	6,565,088	5,074,385	3,219,865
Miscellaneous deductions from income.....	352,389	217,307	21,370	32,885	17,516
Fixed charges:					
Rent for leased road and equipment.....	1,685	1,685	1,685	1,685	1,685
Interest on equipment obligations.....	454,231	406,600	292,672	290,359	128,743
Interest on unfunded debt.....	157	230	965	375	391
Amortization of discount on funded debt.....	12,123	10,904	7,260	7,111	6,545
Total.....	468,196	419,419	302,582	299,530	137,364
Available for contingent charges.....	2,805,715	2,478,952	3,774,116	3,348,642	2,541,260
Contingent Interest:					
Interest on First Mortgage Bonds.....	280,760	280,706	282,158	283,909	283,909
Interest on General Mortgage Bonds.....	537,672	545,312	552,152	552,592	564,352
Total.....	818,432	826,018	834,310	836,501	848,261
NET INCOME	1,987,283	1,652,934	2,939,806	2,512,141	1,692,999
Less Sinking Fund—General Mortgage*.....	100,645	100,645	100,645	100,645	100,645
BALANCE AFTER SINKING FUND CHARGES	\$ 1,886,638	\$ 1,552,289	\$ 2,839,161	\$ 2,411,496	\$ 1,592,354

*Effective January 1, 1958, appropriations for the Sinking Fund were charged direct to Retained Income in accordance with accounting regulations prescribed by the Interstate Commerce Commission.

Figures in Bold Face Denote Contra.

REVIEW OF THE YEAR 1958

Net income from 1958 operations was \$1,987,283 before provision for sinking fund charges compared with \$1,652,934 in 1957. After deducting appropriations for the sinking fund, the balances were respectively \$1,886,638 in 1958 and \$1,552,289 for 1957, an increase of \$334,349. The higher net income for 1958 was accomplished by economies in operation and maintenance to offset the reductions in traffic units brought about by the low level of business throughout the nation. Car loadings in 1958 were 11.86% below the previous year. Freight tonnage and ton miles were correspondingly low.

Total operating revenues in 1958 were \$42,971,060, 9.39% or \$4,454,036 less than in 1957. Total operating expenses, in spite of increases in wage rates and material prices, were held to \$35,689,893 in 1958, a reduction of 9.37% under the 1957 total of \$39,379,471.

Expenditures for improvements to the property were also necessarily curtailed. Costs charged to capital account for such improvements in 1958 were \$2,998,978. Principal additions to the property were freight cars, the major part of the cost of which was financed through equipment obligations.

FREIGHT REVENUES

Freight revenues amounted to \$39,705,478 in 1958 compared with \$44,179,779 in 1957, a decline of \$4,474,301. Tons of freight handled declined from 10,752,965 in 1957 to 9,411,066 in 1958. Partially offsetting the loss of tonnage was an increase in average revenue per net ton mile from 1.49 cents in 1957 to 1.50 cents in 1958 and an increase in average miles of haul per ton from 276.6 miles in 1957 to 282.2 miles in 1958.

Revenues from Products of Agriculture were \$14,259,255 in 1958, representing a decline of \$1,937,550 from \$16,196,805 in 1957. Grain revenues were \$12,786,030 in 1958 compared with \$14,751,387 in 1957, resulting in a decrease of \$1,965,357.

Revenues from Animals and Animal Products for the year 1958 were \$765,972 compared with \$746,314 in 1957, an increase of \$19,658, resulting principally from an unusually heavy movement of cattle from Canada.

Revenues from Products of Mines were \$4,178,429 in 1958 compared with \$4,199,245 in 1957, a decrease of \$20,816. The principal loss of revenue occurred in the transportation of iron ore, where the decrease amounted to \$382,440 due to lesser demand from the steel mills. There was an increase in revenue from crude petroleum due to oil shipments from Outlook, Montana, and northwestern North Dakota, as well as some movement of Canadian oil to United States points.

Products of Forests produced revenues of \$7,338,245 in 1958 compared with \$7,664,043 in 1957, a decrease of \$325,798. There was a noticeable increase in revenues from lumber during the last half of the year due to increased construction.

Manufactures and Miscellaneous commodities produced revenues of \$12,037,427 in 1958 compared with \$14,139,535 in 1957, a decline of \$2,102,108. The decline resulted principally from reductions in the movement of manufactured iron and steel, pipe, scrap iron, iron and steel billets, agricultural implements and parts, and pig iron. Increases were shown in revenues from cement, fertilizers, lead, zinc, woodpulp, newsprint paper, refrigerators, and manufactured feed. The decline in the Manufactures and Miscellaneous group reflects the slump in our economy which commenced during the fourth quarter of 1957 and continued through until the fourth quarter of 1958.

For further comparisons see the table on page 21.

PASSENGER REVENUES

Diversions to other forms of transportation resulted in a further decline in passenger revenues of \$107,343, from \$852,254 in 1957 to \$744,911 in 1958.

MAIL REVENUES

Mail revenues showed an increase of \$66,425 from \$1,145,797 in 1957 to \$1,212,222 in 1958. The increase in revenues is attributable to the 7½ per cent increase in mail rates effective July 1, 1957, and a moderate increase in the volume of mail handled.

1959 BUSINESS PROSPECTS

All indications point toward better business in 1959 than in 1958. A rise of 4 to 5 per cent in United States production of goods and services in 1959 over 1958 has been forecast by some economists.

The iron and steel industry looks for a marked increase in production and shipments—"assuming no major strikes occur." Steel ingot production may amount to 105,000,000 to 110,000,000 tons compared with about 85,000,000 tons in 1958, and with this rise in steel production, iron ore shipments should be greater in 1959.

Lumber mills foresee a modest increase as a result of higher levels of residential construction; however, tight credit may be a factor that would have an adverse effect on the industry.

A good year is in prospect for chemicals and allied products industries while the outlook for the food

and beverage industries along with furniture and appliances appears good.

Stocks of all grain in North Dakota farm granaries on January 1, 1959, were estimated at 246,493,000 bushels by the United States Department of Agriculture. This compares with its estimate of 197,240,000 bushels on hand a year earlier. If these stocks move to markets in 1959, shipments of grain during the year should be high.

The inside of the front cover of this report describes a large industrial development planned for the state of North Dakota which it is expected will be completed in time for the 1960 crop year.

COST OF OPERATIONS

The cost of operations was effectively controlled by reduced maintenance budgets, removal of unnecessary scheduled trains, continued mechanization of roadway maintenance, reduction of clerical payrolls, and holding all other expenditures to a minimum.

Total Working Expense, which includes operating expenses, taxes, equipment rents, and joint facility rents, for 1958 was \$39,671,171, or 92.32% of total operating revenues, \$4,985,240 less than the \$44,656,411 expense in 1957, which was 94.16% of total operating revenues.

Operating Expenses

In spite of the cost of higher wage rates in effect in 1958, amounting to \$1,500,000, operating expenses were held to \$35,689,893, a reduction of \$3,689,578 from the 1957 total of \$39,379,471. On an average throughout the year approximately 13% fewer employees were working on the property than in 1957.

See tables commencing on page 22 for comparative figures.

The cost of Maintenance of Way and Structures amounted to \$7,626,342 in 1958 compared with \$10,133,481 in 1957, a reduction of \$2,507,139. Only 244,289 ties were replaced in 1958, whereas in 1957 the number of renewals was 345,787. Total main track mileage of rail relaid in 1958 was 26.83 compared with 65.89 miles relaid in 1957. New 115-pound continuous rail was used in relay work in 1958 for the first time, amounting to 16.46 track miles. The balance of main track relays was 10.37 miles of 90-pound second-hand rail. Relaying of second-hand rail in side tracks totaled 3.25 miles. Track ballasting in 1958 was considerably less than in 1957, amounting to a total of 121,401 cubic yards compared with 399,567 cubic yards in the previous year. The reductions in the replacement of ties, rails, ballast, etc., required in the maintenance of the roadway reduced labor and material expenses by \$1,918,286. Labor and

material required in repairs to station and office buildings, shops and enginehouses, and other roadway buildings accounted for a reduction of \$145,326. Such savings are of a temporary nature only, in that they were forced by decreased revenues. Proper maintenance will not permit this deferral to be left undone for too long a time.

Maintenance of Equipment expenses amounted to \$7,622,968 in 1958, a decrease of \$725,541 from 1957 expenses of \$8,348,509. To further protect the financial position of the company, major repairs to rolling stock were postponed and only essential equipment repairs were made. Since the first of the year 1959 major repairs to rolling stock have been resumed.

Transportation costs were \$16,743,511 in 1958 compared with \$17,429,643 in 1957, a reduction of \$686,132, resulting primarily from a decrease of 7.2% in train miles, which effected a net saving in wages and fuel of \$221,867 in yard operations and \$430,625 in road operations.

Taxes

Taxes accrued in 1958 totaled \$3,338,995 compared with \$3,916,107 accrued in 1957, a decrease of \$577,112 in the company's tax bill.

All taxes other than federal income taxes amounted to \$3,334,790 in 1958, a decrease of \$161,291 from the 1957 total of \$3,496,081. Railroad unemployment taxes increased, even at the lower level of employment, because of the increase of the rate on January 1, 1958, from 2% to 2½%. (This tax rate was further increased from 2½% to 3% on January 1, 1959.) Railroad retirement taxes in 1958 were less than in 1957 because of the smaller number of employees. The Minnesota gross earnings tax also was less in 1958 because of lower revenues in that state.

The federal income tax liability for 1958 amounted to \$65,000 compared with \$415,000 in 1957. The principal reason for the small figure is the amount of income taxes deferred because of amortization of road and equipment property for tax purposes in excess of normal depreciation. This tax deferment in 1958 amounted to \$820,977.

As set forth in detail on page 18, the total deferment of federal income taxes for the years from 1950 through 1958, the period during which amortization has been taken as a deduction from income for tax purposes, is \$3,317,551. In accordance with Interstate Commerce Commission regulations, no reserve may be set up on the company's books for the liability in future years of the deferred taxes.

In December, 1957, the Internal Revenue Service disallowed the bad debt deduction taken in the company's income tax return for the year 1952 in con-

nection with the reorganization of the Wisconsin Central Railway Company. Because of this disallowance, deficiency assessments were paid for the years 1952, 1954, and 1955 and claims were filed on March 18, 1958, for refunds of the deficiencies paid for these years as well as for the tax paid for the year 1951. These claims for refunds were denied on June 27, 1958, and a petition to recover the income taxes paid for these years was filed in the United States Court of Claims on August 8, 1958.

Equipment Rents

The fluctuation of net equipment rents (equipment rents paid less rents received) is largely dependent upon the level of traffic and the type of traffic handled. The low level of business in 1958, coupled with the completion of the movement of pipe for Canadian pipe lines, enabled the company to return foreign line cars to their owners. Soo Line cars on foreign lines were also returned to the Soo Line in greater volume. As a result net rental for freight cars was reduced from \$894,114 in 1957 to \$274,773 in 1958. The total net amount of all equipment rents paid in 1958 was \$374,297 compared with \$1,048,242 in 1957.

LABOR AND WAGES

Under the provisions of the carriers' three-year term agreements with the various labor organizations effective November 1, 1956, a cost-of-living wage adjustment of 4 cents per hour was made effective May 1, 1958, and on November 1 another upward cost-of-living adjustment of 1 cent per hour was made in addition to a basic wage increase of 7 cents per hour effective the same date. The increases under these agreements now equal 26½ cents per hour in basic rates and 13 cents per hour in cost-of-living adjustments, or a total of 39½ cents.

The estimated cost of the increases granted in rates of pay that became effective during 1958 is \$1,400,000 on an annual basis.

Labor costs (wages, payroll taxes, and fringe benefits) per man hour continued to climb, so that in 1958 the amount spent for such purposes amounted to 57.7 cents out of each dollar of total revenues.

FREIGHT RATES

On February 15, 1958, rates were increased approximately 2½ per cent as a result of the Ex Parte 212 proceedings.

Later in the year several rate reductions were made on important segments of traffic in an effort to meet motor truck competition. Potato rates were reduced from the Red River Valley to the Midwest and the south and have proved helpful in stemming the diver-

sion to unregulated truckers hauling exempt commodities.

Effective September 15, 1958, the rates on corn, oats and soybeans were reduced from the country points to Minneapolis-St. Paul and Duluth-Superior in an attempt to meet the trucking of these grains by unregulated exempt commodity truckers. The effects of this adjustment have been spotty. The rate revision has not produced the results originally anticipated.

Late in the year rates on iron and steel were reduced, and it appears they will enable the company to better meet its truck competition.

A great deal has been written about the possibility of American railroads establishing rates similar to the "agreed charge" rates that are in effect in Canada. The Soo Line has taken the lead in promoting this type of rate, which it is felt has a great potential in meeting competitive situations. The work which the company has been doing for many months culminated in the issuance of a rate proposal on December 2, 1958, seeking to establish a "guaranteed rate" on iron or steel pipe or tubing from Sault Ste. Marie, Ontario, to the Chicago, Illinois, district to meet water competition.

Under the terms of the rules attached to this reduced rate the shipper guarantees to give the railroads 90 per cent of his tonnage, and in return the railroads guarantee not to increase the rate for one year. In the event the shipper fails to comply with the tonnage requirements the railroads assess the higher normal rate on whatever amount of tonnage moves by rail.

If this type of rate is approved by the Interstate Commerce Commission, it is expected that it will be employed to meet many competitive situations.

INDUSTRIAL DEVELOPMENT

During 1958 forty new permanent industrial plants and twenty-nine new temporary industrial installations such as storage yards and loading and unloading facilities of various types were located on company property. Four new industrial plants were installed on adjacent property with rail service provided from company tracks. These installations are designed for various purposes, principally for the storage and distribution of numerous commodities, and are expected to result in increased traffic for the company.

Additional grain storage facilities completed or under construction at country points in 1958 increased the grain storage capacity on the company's lines by more than 2,700,000 bushels, which will tend to provide a more even flow of grain to terminals.

A modern public marine terminal is being established at Duluth, Minnesota, by the Port Authority

of Duluth to accommodate foreign trade expected to develop as a result of the construction of the St. Lawrence Seaway. The first phase of the project now under construction is expected to cost \$10,000,000. This includes bulkheading the entire site of 120 acres and construction of two closed berths and one open berth with attendant assembling yards and auxiliary buildings. The port area will be served by the Soo Line with access by other lines through interline switch movement.

NEW EQUIPMENT AND OTHER FACILITIES

Thirty-five 70-ton covered hopper cars were purchased and received in 1958.

Twenty-five 70-ton flat cars and fifty 70-ton gondola cars were constructed in company shops during the year.

Under a contract with the Federal Government, work on rebuilding the International Bridge at Sault Ste. Marie began in the fall of 1958. A lift span will replace the swing span which has been in use since 1888. The new span is expected to be placed in service in September, 1959, and the old span removed and the contract completed in January, 1960.

INTEGRATED DATA PROCESSING

During the first five months of 1958 a mechanized freight car reporting system was installed on the west end of the railroad.

Flexowriter and teletype machines were installed at ten stations west of Minneapolis in Minnesota and

North Dakota. They are connected with each other and the Central Information Bureau in Minneapolis on leased line circuits.

The machines are used to transmit consist of freight trains between the machine-equipped stations and the general offices. In addition to train consist the report provides the general offices with car accounting records, train and engine statistics, car tracing data, etc.

The mechanized system produces complete reports much faster than formerly. Car tracing is speeded as the location of every loaded freight car west of Minneapolis is known and thus information is available to shippers and consignees.

Other accomplishments during 1958 include the expansion of mechanized inventory control and accounting for Diesel-electric locomotive parts, and the programming of Train and Engine and Mechanical Department time rolls for processing on the medium sized electronic computer (IBM Model 650) which was acquired in 1957.

During 1959 it is planned to extend the mechanized freight car reporting system to the company's eastern lines; to augment Stores mechanized inventory control to include other classes of material; and to program freight revenue accounting on the IBM 650.

WISCONSIN CENTRAL RAILROAD COMPANY

The company continues to operate the properties of the Wisconsin Central Railroad Company under the existing operating agreement.

Table of Net Income and Dividends Paid since September 1, 1944

Year	Net Income (before Sinking Fund)	Sinking Fund Appropriations	Balance after Sinking Fund	Dividends Paid	
				Total	Per Share
9/1—12/31/44.....	\$ 1,086,874	\$ 33,548	\$ 1,053,326	.....	.....
1945.....	1,855,078	100,645	1,754,433	.....	.....
1946.....	254,833	100,645	154,188	\$ 1,797,760	\$ 2.50
1947.....	1,283,645	100,645	1,183,000	719,104	1.00
1948.....	1,871,066	100,645	1,770,421	719,104	1.00
1949.....	1,249,126	100,645	1,148,481	719,104	1.00
1950.....	1,645,614	100,645	1,544,969	719,104	1.00
1951.....	1,968,182	100,645	1,867,537	719,104	1.00
1952.....	1,141,177	100,645	1,040,532	719,104	1.00
1953.....	605,461	100,645	504,816	359,552	.50
1954.....	1,692,999	100,645	1,592,354	359,552	.50
1955.....	2,512,141	100,645	2,411,496	719,104	1.00
1956.....	2,939,806	100,645	2,839,161	1,078,656	1.50
1957.....	1,652,934	100,645	1,552,289	1,078,656	1.50
1958.....	1,987,283	100,645	1,886,638	719,104	1.00
Totals.....	\$23,746,219	\$1,442,578	\$22,303,641	\$10,427,008	\$14.50

Dividends of \$359,552 at the rate of 50c per share were declared February 18, 1959, payable March 26, 1959.

COMPARATIVE GENERAL

ASSET SIDE

CURRENT ASSETS:	Dec. 31, 1958	Dec. 31, 1957	Increase	Decrease
Cash.....	\$ 3,037,264	\$ 1,301,680	\$1,735,584	.....
U. S. Government securities.....	3,959,739	4,889,839	.....	\$ 930,100
Special Deposits:				
For interest and other obligations.....	52,394	1,885,192	.....	1,832,798
Employees' U. S. Savings Bonds.....	23,961	30,010	.....	6,049
For distribution to holders of First Consolidated Bonds of Predecessor Company.....	3,845	4,210	.....	365
Traffic and car-service balances.....	645,492	994,716	.....	349,224
Agents' and conductors' balances.....	1,120,978	1,171,990	.....	51,012
Miscellaneous accounts receivable.....	1,027,577	1,266,818	.....	239,241
Interest and dividends receivable.....	22,112	67,879	.....	45,767
Accrued accounts receivable.....	646,343	684,751	.....	38,408
Working fund advances.....	34,166	38,387	.....	4,221
Prepayments.....	22,947	24,349	.....	1,402
Material and supplies.....	6,353,785	6,686,252	.....	332,467
Other current assets.....	66,321	115,926	.....	49,605
Total.....	17,016,924	19,161,999	.....	2,145,075
OTHER ASSETS AND DEFERRED CHARGES:				
Other assets.....	627,444	634,136	.....	6,692
Unamortized discount on funded debt.....	93,659	106,142	.....	12,483
Other deferred charges.....	520,050	966,551	.....	446,501
Total.....	1,241,153	1,706,829	.....	465,676
INVESTMENTS IN SECURITIES, ADVANCES, AND SPECIAL FUNDS:				
Sinking Fund—General Mortgage.....	490	110 111 380	.....	.....
Deposits with Northern Trust Co.....	9,879	64,556	.....	54,677
First National Bank—Trust Equipment.....	11,327	11,824	.....	497
Investments in affiliated companies:				
Stocks—Pledged under First Mortgage.....	222,275	222,275	.....	.....
Stocks—Pledged under Gen'l. Mortgage.....	900,000	900,000	.....	.....
Stocks—Unpledged.....	300	300	.....	.....
Advances.....	676,097	611,499	64,598	.....
Other Investments.....	2,606	5,011	.....	2,405
Total.....	1,822,974	1,815,575	7,399	.....
INVESTMENT IN PROPERTY:				
Road.....	117,635,341	116,650,605	984,736	.....
Equipment.....	50,108,513	49,037,246	1,071,267	.....
Miscellaneous physical property.....	175,973	171,324	4,649	.....
Total.....	167,919,827	165,859,175	2,060,652	.....
Less:				
Acquisition adjustment.....	22,273,564	22,273,564	.....	.....
Donations and grants.....	2,732,240	2,730,132	2,108	.....
Accrued depreciation—road.....	13,278,991	12,889,215	389,776	.....
Accrued depreciation—equipment.....	18,576,139	17,081,247	1,494,892	.....
Accrued amortization of Defense Projects—equipment.....	2,951,710	2,959,934	.....	8,224
Total.....	59,812,644	57,934,092	1,878,552	.....
Net.....	108,107,183	107,925,083	182,100	.....
GRAND TOTAL.....	\$128,188,234	\$130,609,486	.....	\$2,421,252

See page 14 for comments on the balance sheet.

BALANCE SHEET

LIABILITY SIDE

CURRENT LIABILITIES:	Dec. 31, 1958	Dec. 31, 1957	Increase	Decrease
Audited accounts payable.....	\$ 680,590	\$ 771,976	.....	\$ 91,386
Wages payable.....	1,206,156	1,273,870	.....	67,714
Miscellaneous accounts payable.....	952,908	1,123,740	.....	170,832
Wisconsin Central Railroad Co.....	419,996	81,186	\$ 338,810	.....
Interest matured unpaid.....	886,238	900,362	.....	14,124
Unmatured interest accrued.....	80,493	85,563	.....	5,070
Accrued accounts payable.....	2,644,554	2,595,091	49,463	.....
Federal income taxes accrued.....	235,107	2,140,411	.....	2,375,518
Other taxes accrued.....	1,247,354	1,238,563	8,791	.....
Other current liabilities.....	408,099	457,722	.....	49,623
Long-term debt due within one year.....	1,210,377	1,391,413	.....	181,036
Total.....	9,501,658	12,059,897	.....	2,558,239
(Ratio of Current Assets to Current Liabilities: 1958—1.79:1 1957—1.59:1)				
RESERVES, OTHER LIABILITIES AND DEFERRED CREDITS:				
Accrued depreciation—leased property.....	4,781	4,382	399	.....
Other deferred liabilities and credits.....	346,817	352,962	.....	6,145
Total.....	351,598	357,344	.....	5,746
LONG-TERM DEBT:				
First Mortgage, 4½%, Cumulative Income Bonds, Series A, 1-1-71.....	6,239,000	6,239,000	.....	.....
Issued.....	\$10,000,000			
Held in Treasury.....	3,761,000			
General Mortgage, 4%, Income Bonds, Series A, 1-1-91.....	13,441,800	13,632,800	.....	191,000
Issued.....	\$20,129,000			
Retired through Sinking Fund.....	3,185,300			
Held in Treasury.....	1,501,900			
Retired by Company.....	2,000,000			
Equipment Conditional Sale Agreements.....	4,358,146	4,545,773	.....	187,627
Equipment Trusts.....	6,440,000	7,052,000	.....	612,000
Total.....	30,478,946	31,469,573	.....	990,627
SHAREHOLDERS' EQUITY:				
Capital stock:				
719,104 Common shares of no par value stated at \$86.50 per share.....	62,202,496	62,202,496	.....	.....
Capital surplus.....	7,804	7,804	.....	.....
Retained income:				
Retained income—Appropriated.....	3,496,233	3,395,588	100,645	.....
Retained income—Unappropriated.....	22,149,499	21,116,784	1,032,715	.....
Total.....	25,645,732	24,512,372	1,133,360	.....
Total Shareholders' Equity.....	87,856,032	86,722,672	1,133,360	.....
GRAND TOTAL.....	\$128,188,234	\$130,609,486	.....	\$2,421,252

Figures in Bold Face Denote Contra.
See page 14 for comments on the balance sheet.

COMMENTS ON THE BALANCE SHEET

FORM OF THE BALANCE SHEET

Various changes were made in accounting regulations prescribed by the Interstate Commerce Commission effective January 1, 1958. For comparative purposes, the amounts in certain balance sheet accounts have been restated as of December 31, 1957. Principally these accounts are "Cash," under Current Assets; "Wages payable," "Miscellaneous accounts payable," "Accrued accounts payable," "Federal income taxes accrued," "Other taxes accrued," and "Long-term debt due within one year," shown under Current Liabilities. The restatement of some of these account balances results in a revised ratio of current assets to current liabilities, amount of working capital, and rate of return of net railway operating income on net investment used for transportation purposes, for 1957. (Working capital and rate of return are shown in this report only in the Summary on page 5.) Long-term Debt, with respect to equipment obligations, has been reduced by the amount now included in Current Liabilities.

CONTINGENT ASSETS NOT RECORDED

The company has a contingent interest in 23,850 shares of Wisconsin Central Railroad Company common stock allotted to it in the plan of reorganization of the latter company's predecessor, consummated on March 1, 1954. These 23,850 shares of stock were deposited in escrow, pending the outcome of litigation involving claims of the Wisconsin Central First and Refunding 5% bond holders to rights in a part of the stock. The litigation of this question is progressing, and upon conclusion the appropriate amount of shares will be recorded as an asset on the balance sheet.

SPECIAL DEPOSITS

From the amount of \$1,885,192 under "For interest and other obligations" as of December 31, 1957, \$1,830,000 was drawn down in January, 1958, for the payment of federal income taxes for the year 1954 and part of the liability for the year 1955. These funds were being held on deposit until final determination was made with respect to the validity of the claimed deduction for the bad debt loss arising in connection with the reorganization of the Wisconsin Central Railway Company.

FEDERAL INCOME TAXES ACCRUED

Of the \$2,140,411 balance as of December 31, 1957, \$2,001,877 represents the income tax liability for the year 1954 and the remaining liability for the year 1955 that had been accrued without regard to the company's claim for bad debt loss arising in connection

with the reorganization of the Wisconsin Central Railway Company. When the claim for this bad debt loss was disallowed by the United States Treasury Department, the taxes remaining unpaid for those years were paid in January, 1958. The amount paid for the year 1954 was in excess of the amount accrued. The excess has been claimed as a refund because of the carry-forward to 1954 of net operating loss for the year 1953, but the claimed refund is included in the litigation in connection with the bad debt loss claim. Upon the conclusion of this litigation, the refund will be received for the overpayment of taxes for 1954. This is the principal reason for the debit balance of \$235,107 in this account as of December 31, 1958. Adjustment of this account in 1959 will clear the debit balance.

LONG-TERM DEBT

Long-term debt was reduced during 1958 by \$990,627 and long-term debt due within one year was reduced by \$181,036, a total of \$1,171,663.

General Mortgage Bonds in the principal amount of \$191,000 were retired through the Sinking Fund.

The principal amount of equipment obligations other than equipment trusts was reduced by \$368,663 (including \$181,036 long-term debt due within one year). A promissory note in the amount of \$424,000 was executed as of September 1, 1958, representing approximately 80 per cent of the purchase price of 25 flat cars and 50 gondola cars. Payments during the year on the principal of all such obligations amounted to \$792,663. During the year final payments were made on two conditional sale agreements dated May 15, 1950, that covered the purchase of five single unit Diesel-electric road-switching locomotives and two double unit Diesel-electric passenger locomotives.

Equipment trust obligations were reduced by \$612,000 through payments of that amount on the principal of existing obligations.

RETAINED INCOME

In accordance with Minnesota Law, earned surplus at September 1, 1944, in the amount of \$11,364,138 is designated as "Paid-in Surplus."

CONTINGENT LIABILITIES NOT RECORDED

This company is jointly and severally liable with seven other railroads for the principal and interest on \$11,374,000 of First and Refunding Mortgage 3½% Bonds Series "B" of The Saint Paul Union Depot Company. Interest has been paid by The Saint Paul Union Depot Company on these Bonds as it matured.

RETAINED INCOME ACCOUNT

	To Dec. 31, 1957	Year 1958	To Dec. 31, 1958
RETAINED INCOME—APPROPRIATED:			
Period prior to September 1, 1944:			
For Capital Fund.....	\$ 500,000	.....	\$ 500,000
For Sinking Fund.....	369,032	.....	369,032
For Retirement of Funded Debt.....	1,184,623	.....	1,184,623
Total.....	2,053,655	.....	2,053,655
Period subsequent to September 1, 1944:			
For Sinking Fund.....	1,341,933	\$ 100,645	1,442,578
Total Retained Income—Appropriated.....	\$ 3,395,588	\$ 100,645	\$ 3,496,233

RETAINED INCOME—UNAPPROPRIATED:

Period prior to September 1, 1944:

Paid-in Surplus in accordance with Minnesota Law.....	\$11,364,138	.....	\$11,364,138
Less appropriations.....	2,053,655	.....	2,053,655
Balance.....	9,310,483	.....	9,310,483

Period Subsequent to September 1, 1944:

Net Income.....	21,758,936	\$ 1,987,283	23,746,219
Less Sinking Fund appropriations.....	1,341,933	100,645	1,442,578
Balance after Sinking Fund charges.....	20,417,003	1,886,638	22,303,641
Less Dividends.....	9,707,904	719,104	10,427,008
Balance after Dividends.....	10,709,099	1,167,534	11,876,633
Discount and expenses on Bonds reacquired.....	2,636,376	90,674	2,727,050
Less other miscellaneous items not accounted for through Income accounts.....	1,539,174	225,493	1,764,667
Balance.....	11,806,301	1,032,715	12,839,016
Total Retained Income—Unappropriated.....	\$21,116,784	\$ 1,032,715	\$22,149,499

NOTE: Effective January 1, 1958, appropriations for the Sinking Fund were charged direct to Retained Income in accordance with revision of the Interstate Commerce Commission accounting regulations. Net Income to December 31, 1957, shown herein has been restated to conform to current accounting requirements.

	1958	1957	1956	1955	1954
Times Income after Fixed Charges earned for:					
Interest on First Mortgage Bonds.....	10.0	8.8	13.4	11.8	9.0
Interest on General Mortgage Bonds.....	4.7	4.0	6.3	5.5	4.0
Sinking Fund—General Mortgage.....	19.7	16.4	29.2	25.0	16.8
Earned per Share:					
Net Income.....	\$2.76	\$2.30	\$4.09	\$3.49	\$2.35
Balance after Sinking Fund charges.....	\$2.62	\$2.16	\$3.95	\$3.35	\$2.21

INVESTMENTS IN AFFILIATED COMPANIES

	Number of Shares	Par Value	Book Value	
			Dec. 31, 1958	Dec. 31, 1957
STOCKS—Pledged under First Mortgage:				
Sault Ste. Marie Bridge Co.....	2,500	\$250,000	\$ 500	\$ 500
Minnesota Transfer Railway Co.....	913	91,300	91,300	91,300
The Saint Paul Union Depot Co.....	1,036	103,600	130,475	130,475
TOTAL.....			\$222,275	\$222,275

STOCKS—Pledged under General Mortgage:

Tri-State Land Co. (See Note 1)	25,000	\$2,500,000	\$900,000	\$900,000
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STOCKS—Unpledged:

Railway Express Agency, Inc.....	3	No Par	\$ 300	\$ 300
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ADVANCES:

Minnesota Transfer Ry.—Sinking Fund	\$ 50,800	\$ 47,845
Minnesota Transfer Ry.—Working Fund	9,288	9,288
Minnesota Transfer Ry.—Locomotives	106,572	103,254
Minnesota Transfer Ry.—Construction.....	111,102	107,983
Minnesota Transfer Ry.—Land Fund	61,620	55,980
Railway Express Agency, Inc.....	86,747	86,747
The St. Paul Union Depot Co.—Sinking Fund.....	75,543	71,534
The St. Paul Union Depot Co.—Construction.....	115,857	106,231
Sault Ste. Marie Bridge Co.—U. S. Funds.....	58,568	22,637
TOTAL	\$676,097	\$611,499

OTHER INVESTMENTS

	Par Value	BOOK VALUE	
		Dec. 31, 1958	Dec. 31, 1957
Claims allowed in Wisconsin Central Ry. Co. Reorganization (See Note 2).....	\$1,892,260	\$ 1	\$ 1
St. Paul Terminal Warehouse Co.....	2,605	2,605	5,010
TOTAL.....		\$2,606	\$ 5,011

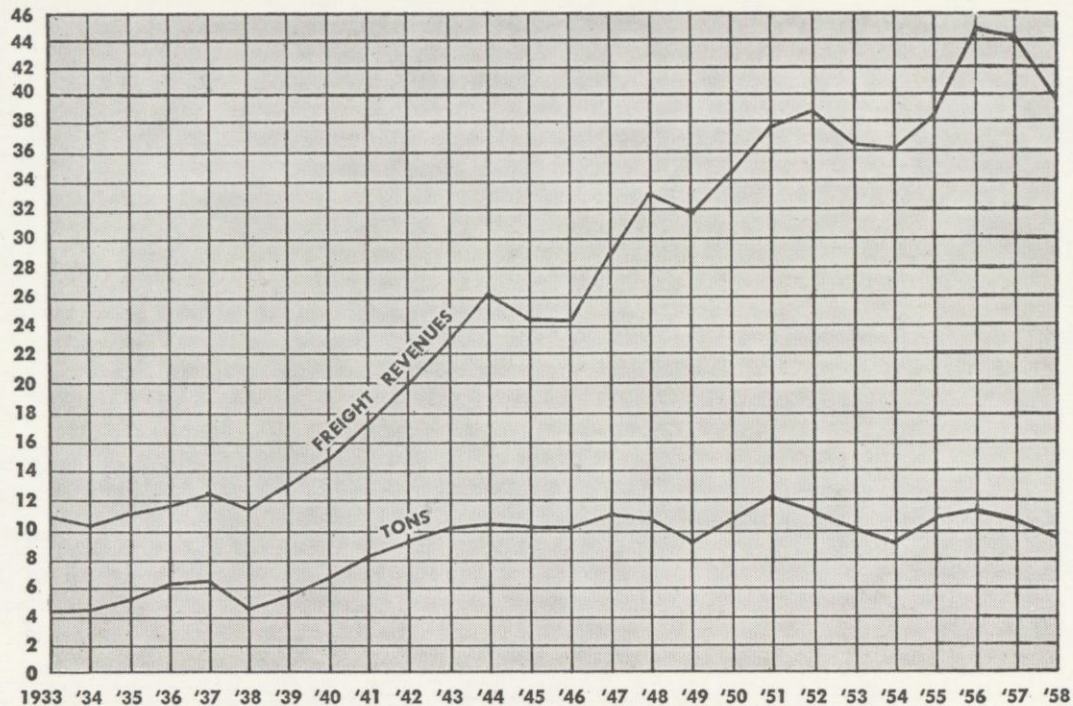
NOTE 1: The equity of the Company in the net worth (capital stock and surplus) of the Tri-State Land Company, a solely owned subsidiary, has been written down on the Soo Line books to the estimated value as determined by appraisal as of September 1, 1944. The amount of this equity is \$900,000 as shown under the column headed "Book Value." The result for the year 1958 was a net income of \$8,865, and the net worth of that company as reflected on its books at December 31, 1958, is \$1,766,928, without provision for impairment of asset values.

NOTE 2: See comments on page 14 for explanation of value of allowance for claim filed in Wisconsin Central Ry. Co. reorganization proceedings.

THE SOO LINE DOLLAR

	1958	1957	1956 (Cents)	1955	1954
Income:					
Grain.....	29.5	30.9	29.6	28.0	26.8
Other Products of Agriculture.....	3.4	3.0	3.2	3.9	4.2
Animals and Animal Products.....	1.8	1.6	1.3	1.5	1.7
Products of Mines.....	9.7	8.8	11.1	12.1	10.6
Products of Forests.....	16.9	16.0	16.4	16.9	14.8
Manufactures and Miscellaneous.....	27.8	29.6	28.8	26.9	30.3
Less than Carload Freight.....	2.6	2.6	2.4	2.7	3.0
Passenger Train Service.....	5.6	5.0	5.0	5.8	6.5
Incidental.....	1.9	1.8	1.6	1.7	1.6
Other Income.....	.8	.7	.6	.5	.5
Total.....	100.0	100.0	100.0	100.0	100.0
Spent For:					
Wages.....	52.8	50.4	48.0	49.5	53.0
Payroll Taxes (Retirement and Unemployment) and Welfare Benefits.....	4.5	4.5	3.7	3.2	3.1
All Other Taxes.....	4.2	4.8	7.2	8.8	4.6
Fuel.....	3.0	3.1	3.2	3.2	4.6
Rail, Ties, and Other Track Material.....	3.4	4.7	4.6	4.4	4.7
Depreciation.....	5.1	4.5	4.1	4.8	4.6
Other Operating Expenses.....	17.1	18.8	17.4	16.9	18.1
Bond Interest and Sinking Fund.....	2.1	1.9	1.9	2.2	2.4
Equipment and Joint Facility Rents—Net.....	1.5	2.8	3.3	.4	.5
Miscellaneous (Fixed and other expenses).....	1.9	1.3	.7	.8	.4
Total.....	95.6	96.8	94.1	94.2	96.0
Available for Other Corporate Purposes.....	4.4	3.2	5.9	5.8	4.0

COMPARISON OF FREIGHT REVENUES WITH TONS OF FREIGHT HANDLED
MILLIONS



AMORTIZATION OF ROAD AND EQUIPMENT FOR TAX PURPOSES AND RESULTING DEFERMENT OF FEDERAL INCOME TAXES

	1950	1951	1952	1953	1954	1955	1956	1957	1958	TOTAL
Increases in amortization charges over normal depreciation accruals.....	\$ 69,132	\$285,915	\$555,576	\$695,855	\$668,542	\$386,600	\$834,902	\$1,324,748	\$1,578,801	\$6,400,071
Federal income tax rate.....	42%	50.75%	52%	52%	52%	52%	52%	52%	52%	
Federal income tax deferral.....	\$ 29,035	\$145,102	\$288,900	\$361,845	\$347,642	\$201,032	\$434,149	\$ 688,869	\$ 820,977	\$3,317,551

NET INCOME PER SHARE OF STOCK AFTER ELIMINATION OF DEFERMENT OF FEDERAL INCOME TAXES ON ACCOUNT OF AMORTIZATION CHARGES

	1950		1951		1952		1953		1954		1955		1956		1957		1958	
	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share	Amount	Per Share
Net Income (before Sinking Fund).....	\$1,645,614	\$2.29	\$1,968,182	\$2.74	\$1,141,177	\$1.59	\$ 605,461	\$.84	\$ 605,461	\$.84	\$ 605,461	\$.84	\$ 605,461	\$.84	\$ 605,461	\$.84	\$ 605,461	\$.84
Adjustment for deferral of federal income taxes on account of amortization.....	29,035	.04	145,102	.20	288,900	.40	361,845	.50	361,845	.50	361,845	.50	361,845	.50	361,845	.50	361,845	.50
Adjusted Net Income.....	\$1,616,579	\$2.25	\$1,823,080	\$2.54	\$ 852,277	\$1.19	\$ 243,616	\$.34	\$ 243,616	\$.34	\$ 243,616	\$.34	\$ 243,616	\$.34	\$ 243,616	\$.34	\$ 243,616	\$.34
Less Sinking Fund appropriations.....	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14
Balance after Sinking Fund charges.....	\$1,515,934	\$2.11	\$1,722,435	\$2.40	\$ 751,632	\$1.05	\$ 142,971	\$.20	\$ 142,971	\$.20	\$ 142,971	\$.20	\$ 142,971	\$.20	\$ 142,971	\$.20	\$ 142,971	\$.20
Net Income (before Sinking Fund).....	\$2,512,141	\$3.49	\$2,939,806	\$4.09	\$2,939,806	\$4.09	\$1,652,934	\$2.30	\$1,652,934	\$2.30	\$1,652,934	\$2.30	\$1,652,934	\$2.30	\$1,652,934	\$2.30	\$1,652,934	\$2.30
Adjustment for deferral of federal income taxes on account of amortization.....	201,032	.28	201,032	.28	434,149	.60	688,869	.96	688,869	.96	688,869	.96	688,869	.96	688,869	.96	688,869	.96
Adjusted Net Income.....	\$2,311,109	\$3.21	\$2,738,774	\$3.77	\$2,505,657	\$3.49	\$ 964,065	\$1.34	\$ 964,065	\$1.34	\$ 964,065	\$1.34	\$ 964,065	\$1.34	\$ 964,065	\$1.34	\$ 964,065	\$1.34
Less Sinking Fund appropriations.....	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14	100,645	.14
Balance after Sinking Fund charges.....	\$2,210,464	\$3.07	\$2,638,129	\$3.63	\$2,405,012	\$3.35	\$ 863,420	\$1.20	\$ 863,420	\$1.20	\$ 863,420	\$1.20	\$ 863,420	\$1.20	\$ 863,420	\$1.20	\$ 863,420	\$1.20

NOTE: Effective January 1, 1958, appropriations for the Sinking Fund were charged direct to Retained Income in accordance with revision of accounting regulations of the Interstate Commerce Commission. Net Income figures for years prior to 1958 have been restated to conform to current accounting requirements.

PHYSICAL PROPERTY CHANGES, ADDITIONS AND BETTERMENTS

The program of improvements to physical property was continued during 1958 consistent with the company's financial position. A brief summary of the projects undertaken in 1958 follows:

Road and General Expenditures:

Bridge Renewals and Filling.....	\$ 402,731
Additions and Improvements to Station and Office Buildings.....	129,563
Additions and Improvements to Shops and Enginehouses, including Tools and Machinery.....	82,855
Diesel Fueling Stations.....	27,756
Yard Lighting—Superior and Glenwood.....	32,362
Additions and Improvements to Roadway Buildings and Machinery.....	65,719
Additional Company Side and Yard Tracks.....	45,414
Additional Industry Side and Yard Tracks.....	58,789
Trap Rock Ballast.....	39,409
Relaying Rail in Main Tracks:	
New 115 pound, replacing 85 and 90 pound—16.46 Miles.....	174,390
With Relay Rail —10.37 Miles.....	41,099
Relaying Rail in Side and Yard Tracks with Relay Rail—3.25 Miles.....	10,273
Additional Tie Plates and Rail Anchors.....	159,913
Widening and Flattening Cuts.....	167,205
Additions and Improvements to Interlockers and Signals.....	31,846
Expenditures for Public Improvements and Railroad Crossings.....	47,791
Additions and Improvements to Track Drainage.....	40,300
Miscellaneous Expenditures.....	28,906
Total.....	\$1,586,321

Equipment:

Construction of 25 53'6" 70-ton flat cars.....	\$ 232,473
Construction of 50 52'6" 70-ton gondola cars.....	381,652
Purchase of 35 covered hopper cars.....	327,537
Construction of 1 business car.....	268,628
Purchase of 22 automobiles and trucks.....	69,606
Purchase of 4 automobiles and equip as highway-rail inspection cars.....	17,922
Installation of end racks and steel sides on gondola cars.....	18,124
Unapplied Material and Supplies for future construction.....	58,917
Miscellaneous expenditures.....	37,798
Total.....	\$1,412,657

TRACK MILES OF RAIL LAID

	1958	1957	1956	1955	1954
Installed in Main Track:					
New 115 Pound.....	16.46	.....	.....	.....	.....
New 100 Pound.....	.....	37.40	27.03	14.55	19.75
New 90 Pound.....	.....	.....	6.04	7.67	5.10
Second Hand 90 Pound.....	10.37	10.00	13.09	11.75	7.86
Second Hand 85 Pound.....	.....	7.67	.....	.....	7.17
Second Hand 80 Pound.....	.....	10.82	.....	2.39	4.30
Total—Installed in Main Track.....	26.83	65.89	46.16	36.36	44.18
Installed in Other Tracks:					
Second Hand, Various Weights.....	3.25	3.93	8.30	4.71	2.46

CROSS TIES REPLACED

	1958	1957	1956	1955	1954
Untreated Cross Ties.....	12	20	78	168	401
Treated Cross Ties.....	244,277	345,767	365,005	354,131	368,651
Total.....	244,289	345,787	365,083	354,299	369,052

MATURITIES BY YEARS OF LONG-TERM DEBT OUTSTANDING AT DECEMBER 31, 1958

(Exclusive of amounts due within one year, which are included in Current Liabilities on the Balance Sheet)

Year of Maturity	Equipment Obligations					First	General	Total
	Conditional Sale Agreements and Promis- sory Notes	Equipment Trust Series A, Dated July 1, 1952	Equipment Trust Series B, Dated Aug. 1, 1954	Equipment Trust Series C, Dated Nov. 1, 1956	Equipment Trust Series D, Dated Aug. 1, 1957	Mortgage Income 4½% Bonds Series A, Due Jan. 1, 1971	Mortgage Income 4% Bonds Series A, Due Jan. 1, 1991	
1960.....	\$ 530,626	\$ 190,000	\$ 130,000	\$ 176,000	\$ 116,000	.....	.....	\$ 1,142,626
1961.....	530,625	190,000	130,000	176,000	116,000	.....	.....	1,142,625
1962.....	530,626	190,000	130,000	176,000	116,000	.....	.....	1,142,626
1963.....	530,625	190,000	130,000	176,000	116,000	.....	.....	1,142,625
1964.....	513,394	190,000	130,000	176,000	116,000	.....	.....	1,125,394
1965.....	430,500	190,000	130,000	176,000	116,000	.....	.....	1,042,500
1966.....	352,750	190,000	130,000	176,000	116,000	.....	.....	964,750
1967.....	313,000	190,000	130,000	176,000	116,000	.....	.....	925,000
1968.....	313,000	.....	130,000	176,000	116,000	.....	.....	735,000
1969.....	313,000	.....	130,000	176,000	116,000	.....	.....	735,000
1970.....	.....	.....	.....	176,000	116,000	.....	.....	292,000
1971.....	.....	.....	.....	176,000	116,000	\$6,239,000	.....	6,531,000
1972.....	.....	.....	.....	.....	116,000	.....	.....	116,000
1991.....	.....	.....	.....	.....	.....	.....	\$13,441,800	13,441,800
Totals.....	\$4,358,146	\$1,520,000	\$1,300,000	\$2,112,000	\$1,508,000	\$6,239,000	\$13,441,800	\$30,478,946

LOCOMOTIVES AND FREIGHT TRAIN CARS ADDED AND RETIRED

Year	Diesel-electric Locomotives		Steam Locomotives		Freight-Train Cars	
	Added	Retired	Added	Retired	Added	Retired
1934.....	.....	.....	.....	6	.....	1,689
1935.....	.....	.....	.....	9	.....	292
1936.....	.....	.....	.....	3	500	530
1937.....	.....	.....	.....	1	200	956
1938.....	.....	.....	.....	7	.....	153
1939.....	3	.....	.....	4	.....	386
1940.....	.....	.....	.....	10	755	289
1941.....	1	.....	8	3	302	117
1942.....	.....	.....	4	3	100	169
1943.....	.....	.....	.....	6	.....	156
1944.....	.....	.....	.....	1	.....	173
1945.....	1	.....	.....	.....	.....	171
1946.....	.....	.....	.....	3	.....	208
1947.....	7	.....	.....	4	.....	464
1948.....	11	.....	.....	16	.....	436
1949.....	8	.....	.....	11	350	229
1950.....	7	.....	.....	9	395	499
1951.....	7	.....	.....	18	374	571
1952.....	10	1	.....	7	107	303
1953.....	.....	.....	.....	17	318	335
1954.....	22	.....	.....	37	363	198
1955.....	12	.....	.....	25	41	488
1956.....	3	.....	.....	10	319	236
1957.....	3	.....	.....	1	528	126
1958.....	.....	.....	.....	.....	110	111

See page 32 for list of equipment owned at end of year.

DETAILS OF INCOME ACCOUNT

OPERATING REVENUES

FREIGHT:	1958	1957	1956	1955	1954
Products of Agriculture:					
Grain.....	\$12,786,030	\$14,751,387	\$14,298,151	\$11,694,186	\$10,542,104
Flour.....	200,907	127,871	100,410	94,695	65,957
Potatoes.....	194,459	228,759	214,471	334,938	321,131
All Other.....	1,077,859	1,088,788	1,244,950	1,191,912	1,291,534
Total.....	14,259,255	16,196,805	15,857,982	13,315,731	12,220,726
Animals and Animal Products:					
Cattle and Calves.....	471,471	353,969	159,359	162,808	173,702
Hogs.....	8,520	11,548	19,190	19,626	20,257
Butter.....	44,676	54,868	115,961	125,160	111,675
All Other.....	241,305	325,929	318,959	340,574	354,797
Total.....	765,972	746,314	613,469	648,168	660,431
Products of Mines:					
Bituminous Coal.....	604,622	641,153	704,188	644,847	693,953
Lignite Coal.....	389,543	404,113	470,246	571,573	660,056
Iron Ore.....	1,108,457	1,490,897	1,501,964	1,864,370	1,098,446
Stone and Rock.....	189,017	185,484	616,050	690,029	333,942
Gravel and Sand.....	72,866	281,980	107,522	131,076	474,813
All Other.....	1,813,924	1,195,618	1,968,499	1,161,687	897,420
Total.....	4,178,429	4,199,245	5,368,469	5,063,582	4,158,630
Products of Forests:					
Posts, Poles, and Piling, Wooden.....	397,392	543,471	485,454	423,459	351,594
Logs, Butts and Bolts.....	223,131	338,655	366,202	355,500	263,557
Pulpwood.....	1,225,333	1,493,038	1,231,633	865,877	1,116,888
Lumber, Shingles and Lath.....	5,167,432	4,876,611	5,353,603	5,143,235	3,806,634
All Other.....	324,957	412,268	454,856	282,258	282,602
Total.....	7,338,245	7,664,043	7,891,748	7,070,329	5,821,275
Manufactures and Miscellaneous:					
Gasoline and Petroleum Products.....	902,233	1,105,630	991,368	878,379	1,072,663
Fuel and Road Oils, etc.....	287,342	414,278	399,628	429,205	485,781
Manufactured Iron and Steel.....	649,285	841,887	889,140	757,611	861,357
Cement, Building.....	455,686	426,839	582,651	615,459	727,254
Agricultural Implements and Parts.....	380,213	418,356	466,511	350,235	463,386
Iron and Steel Pipe.....	562,620	2,276,613	1,758,577	448,075	1,048,982
Newsprint Paper.....	1,620,153	1,456,147	1,285,857	1,174,277	1,124,620
Woodpulp.....	1,238,844	1,060,629	1,024,247	871,799	845,410
All Other.....	5,941,051	6,139,156	6,516,778	5,741,708	5,326,882
Total.....	12,037,427	14,139,535	13,914,757	11,266,748	11,956,335
Less-than-carload Freight.....	1,126,150	1,233,837	1,164,204	1,110,440	1,178,855
Total Freight.....	39,705,478	44,179,779	44,810,629	38,474,998	35,996,252
PASSENGER.....	744,911	852,254	883,025	927,296	978,930
MAIL.....	1,212,222	1,145,797	1,104,816	1,058,140	1,188,448
EXPRESS.....	203,686	204,640	256,094	226,269	264,442
MILK.....	75,349	70,501	69,174	86,028	102,589
OTHER PASSENGER-TRAIN SERVICE.....	207,174	136,969	112,844	111,554	34,316
SWITCHING.....	170,967	164,682	151,153	139,435	128,127
DEMURRAGE.....	123,678	135,711	128,715	102,754	81,100
TELEGRAPH AND TELEPHONE.....	30,575	36,433	39,425	39,033	46,572
ORE DOCK CHARGES.....	146,402	118,520	100,965	123,306	75,296
JOINT FACILITY—NET.....	150,219	189,353	159,745	148,525	116,241
ALL OTHER.....	200,399	190,457	174,428	178,441	177,298
Total Operating Revenues.....	\$42,971,060	\$47,425,096	\$47,991,013	\$41,615,779	\$39,189,611

DETAILS OF INCOME ACCOUNT—Continued

OPERATING EXPENSES

	1958	1957	1956	1955	1954
Maintenance of Way and Structures:					
Superintendence.....	\$ 545,666	\$ 519,740	\$ 496,372	\$ 460,525	\$ 453,728
Roadway Maintenance.....	877,691	1,061,891	962,968	925,357	939,158
Tunnels and Subways.....	108	116	540	145	178
Bridges, Trestles and Culverts.....	195,345	296,106	242,215	226,979	244,219
Ties.....	886,611	1,137,190	1,214,464	1,197,318	1,267,254
Rails.....	182,458	431,073	449,318	267,141	274,460
Other Track Material.....	417,238	661,535	541,039	351,608	305,740
Ballast.....	113,434	365,120	252,317	181,141	188,961
Track Laying and Surfacing (Labor).....	2,112,559	2,750,699	2,582,531	2,203,293	2,205,142
Total.....	4,785,444	6,703,730	6,245,392	5,352,982	5,425,112
Fences, Snowsheds and Signs.....	79,168	101,811	105,376	75,250	97,328
Station and Office Buildings.....	211,564	306,378	227,286	246,448	258,294
Roadway Buildings.....	6,615	7,322	10,480	7,157	7,988
Water Stations.....	7,105	6,697	15,071	12,069	36,315
Fuel Stations.....	5,704	2,483	2,743	3,343	12,614
Shops and Enginehouses.....	196,431	238,756	237,457	156,560	133,891
Wharves and Docks.....	.....	.....	5,144	.....	.....
Communication Systems.....	203,627	184,066	160,622	161,443	145,211
Signals and Interlockers.....	47,835	52,416	51,550	50,852	51,685
Power Plants.....	5,485	7,792	6,243	17,016	7,071
Power Transmission Systems.....	46	1,232	2,846	191	2,094
Miscellaneous Structures.....	577	530	19	.....	37
Total.....	764,157	909,483	824,837	730,329	752,528
Roadway Machines.....	84,319	296,129	259,897	194,589	234,134
Dismantling Retired Road Property.....	27,257	32,531	51,718	37,608	25,350
Small Tools and Supplies.....	124,091	152,198	121,969	106,077	122,691
Removing Snow, Ice, and Sand.....	152,506	152,981	324,688	277,635	187,572
Public Improvements—Maintenance.....	85,498	85,488	89,180	83,029	82,466
Injuries to Persons.....	34,406	68,653	59,185	63,680	69,429
Insurance.....	59,542	61,736	33,718	30,230	34,351
Stationery and Printing.....	8,590	12,887	9,498	8,541	7,220
Other Expenses.....	206,701	268,578	173,903	84,287	20,897
Maintaining Jt. Trks., Yds. and Other Fac.—Dr.....	188,263	288,705	267,549	254,312	250,955
Maintaining Jt. Trks., Yds. and Other Fac.—Cr.....	26,690	33,915	22,451	25,660	27,345
Right-of-Way Expenses.....	4,468	7,071	6,585	4,716	5,070
Total.....	948,951	1,393,042	1,375,439	1,119,044	1,012,790
Total Maint. of Way and Struct. Excluding Depreciation and Retirement Charges.....					
	7,044,218	9,525,995	8,942,040	7,662,880	7,644,158
Depreciation and Retirement Charges:					
Road Property—Depreciation.....	552,391	533,023	510,703	535,044	570,948
Retirements—Road.....	29,733	74,463	209,445	114,795	119,106
Total.....	582,124	607,486	720,148	649,839	690,054
Total Maint. of Way and Struct. Including Depreciation and Retirement Charges.....					
	\$ 7,626,342	\$10,133,481	\$9,662,188	\$8,312,719	\$8,334,212
Per cent to Total Operating Revenues.....	17.75	21.37	20.13	19.97	21.27

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	1958	1957	1956	1955	1954
Maintenance of Equipment:					
Superintendence.....	\$ 186,460	\$ 182,153	\$ 170,297	\$ 157,950	\$ 151,064
Shop Machinery.....	100,603	146,487	121,363	96,486	108,465
Power Plant Machinery.....	12,967	17,395	43,391	34,457	29,957
Steam Locomotives—Repairs.....	2,145	2,908	15,360	49,544	753,564
Other Locomotives—Repairs.....	1,777,807	2,022,386	1,996,142	1,725,369	1,311,794
Freight-Train Cars—Repairs.....	2,829,378	3,135,830	3,178,282	3,253,714	3,009,690
Passenger-Train Cars—Repairs.....	645,025	691,287	692,167	604,196	582,032
Work Equipment—Repairs.....	71,695	118,450	100,256	82,811	63,406
Miscellaneous Equipment—Repairs.....	35,327	34,617	37,326	31,973	28,881
Total.....	5,470,657	6,169,360	6,184,287	5,779,462	5,887,789
Dismantling Retired Shop & P. P. Machinery.....	533	564	3,922	556	249
Dismantling Retired Equipment.....	48	5,559	5,325	7,109	1,016
Retirements—Equipment.....	10,334	8,237	9,089	3,778	3,793
Injuries to Persons.....	18,994	44,927	13,364	28,244	24,207
Insurance.....	110,489	95,555	94,346	91,452	71,397
Stationery and Printing.....	4,419	6,453	4,041	5,259	3,933
Other Expenses.....	139,239	184,725	128,107	43,806	192,158
Joint Maint. of Equip. Expenses—Dr.....	40,822	56,172	60,817	47,119	40,420
Joint Maint. of Equip. Expenses—Cr.....	3,331	4,345	4,572	4,002	5,632
Total.....	299,813	380,245	296,261	215,765	323,955
Total Maintenance of Equipment Excluding Depreciation Charges.....	5,956,930	6,731,758	6,650,845	6,153,177	6,362,808
Depreciation Charges:					
Shop and Power Plant Machinery.....	22,111	22,119	23,246	22,911	20,461
Equipment.....	1,643,927	1,594,632	1,436,837	1,444,353	1,198,129
Total.....	1,666,038	1,616,751	1,460,083	1,467,264	1,218,590
Total Maintenance of Equipment Including Depreciation.....	\$7,622,968	\$ 8,348,509	\$8,110,928	\$7,620,441	\$7,581,398
Per cent to Total Operating Revenues.....	17.74	17.60	16.91	18.31	19.34
Traffic:					
Superintendence.....	\$ 431,405	\$ 388,913	\$ 362,768	\$ 316,999	\$ 297,105
Outside Agencies.....	638,581	605,442	580,989	533,834	518,421
Advertising.....	58,576	70,026	66,675	54,418	55,485
Traffic Associations.....	36,304	32,174	29,288	27,895	24,346
Industrial and Immigration Bureaus.....	13,507	12,976	11,389	9,229	9,684
Insurance.....	276	97	307	350	352
Stationery and Printing.....	76,751	61,601	62,869	58,092	53,258
Other Expenses.....	17,165	6,483	13,988	7,612	.....
Total Traffic.....	\$1,272,565	\$ 1,177,712	\$1,128,273	\$1,008,429	\$ 958,651
Per cent to Total Operating Revenues.....	2.96	2.49	2.35	2.43	2.45

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	1958	1957	1956	1955	1954
Transportation:					
Superintendence.....	\$ 480,685	\$ 580,277	\$ 466,791	\$ 420,988	\$ 416,529
Dispatching Trains.....	252,506	244,099	233,405	214,295	223,927
Total.....	733,191	824,376	700,196	635,283	640,456
Station Employees.....	2,858,325	2,777,274	2,651,411	2,415,899	2,432,318
Weighing Insp. and Dem. Bureaus.....	39,842	41,628	34,405	33,533	34,519
Station Supplies and Expenses.....	230,936	244,184	228,877	197,793	194,213
Total.....	3,129,103	3,063,086	2,914,693	2,647,225	2,661,050
Yard Masters and Yard Clerks.....	474,261	431,825	422,329	359,510	355,276
Yard Conductors and Brakemen.....	1,013,121	1,087,378	1,072,454	823,329	766,022
Yard Switch and Signal Tenders.....	35,752	32,413	30,612	26,915	27,652
Yard Enginemen.....	671,540	723,821	690,122	552,658	515,876
Yard Switching Fuel.....	86,605	112,359	116,653	99,888	181,379
Water for Yard Locomotives.....	1,713	2,334	2,682	6,127	10,612
Lubricants for Yard Locomotives.....	11,954	12,865	12,350	11,031	7,791
Other Supplies for Yard Locomotives.....	11,502	14,047	11,338	8,277	3,940
Enginehouse Expenses—Yard.....	169,858	170,382	149,678	124,141	125,657
Yard Supplies and Expenses.....	19,299	17,499	17,130	14,906	13,706
Opr. Joint Yards and Terminals—Dr.....	905,160	1,027,148	978,583	828,707	796,450
Opr. Joint Yards and Terminals—Cr.....	42,840	52,279	48,454	51,824	51,581
Total.....	3,357,925	3,579,792	3,455,477	2,803,665	2,752,780
Train Enginemen.....	2,051,019	2,106,323	1,982,280	1,799,000	1,797,133
Train Fuel.....	1,203,905	1,353,764	1,426,682	1,240,391	1,620,883
Water for Train Locomotives.....	17,557	21,507	25,141	32,022	51,612
Lubricants for Train Locomotives.....	103,514	102,909	90,104	68,439	83,297
Other Supplies for Train Locomotives.....	32,890	34,633	27,645	27,325	42,270
Enginehouse Expenses—Train.....	556,045	515,251	461,783	430,104	528,368
Trainmen.....	2,996,999	3,096,123	2,921,576	2,618,791	2,542,307
Train Supplies and Expenses.....	1,231,130	1,393,131	1,356,837	1,027,829	1,029,899
Operating Sleeping Cars.....	169,339	169,382	182,090	205,960	218,033
Total.....	8,362,398	8,793,023	8,474,138	7,449,861	7,913,802
Signal and Interlocker Operation.....	135,843	125,570	116,059	105,056	106,867
Crossing Protection.....	27,725	25,463	28,611	35,222	45,845
Drawbridge Operation.....				62	50
Communication System Operation.....	123,120	104,504	94,866	86,300	85,907
Stationery and Printing.....	61,602	73,797	61,488	51,830	53,077
Other Expenses.....	138,094	144,384	99,869	51,957	65,459
Operating Jt. Trks. and Facilities—Dr.....	142,732	156,227	174,059	139,994	149,932
Operating Jt. Trks. and Facilities—Cr.....	32,163	31,399	27,583	26,109	26,365
Insurance.....	12,152	26,717	30,466	27,289	26,003
Clearing Wrecks.....	131,477	86,438	124,838	37,529	48,143
Damage to Property.....	10,459	14,324	17,380	7,072	12,116
Damage to Live Stock on R. of W.....	8,434	8,392	9,051	7,943	12,888
Loss and Damage—Freight.....	301,647	240,944	256,825	190,134	205,840
Loss and Damage—Baggage.....	39	11	118	248	138
Injuries to Persons.....	99,733	193,994	220,562	216,347	239,073
Total.....	1,160,894	1,169,366	1,206,609	930,874	1,024,973
Total Transportation.....	\$16,743,511	\$17,429,643	\$16,751,113	\$14,466,908	\$14,993,061
Per cent to Total Operating Revenues.....	38.96	36.75	34.90	34.76	38.26
Miscellaneous Operations:					
Dining and Buffet Service.....	\$ 165,208	\$ 178,599	\$ 209,240	\$ 214,534	\$ 222,603
Operating Jt. Misl. Facilities—Dr.....	14,093	17,663	16,458	18,353	17,379
Total Miscellaneous Operations.....	\$ 179,301	\$ 196,262	\$ 225,698	\$ 232,887	\$ 239,982
Per cent to Total Operating Revenues.....	.42	.41	.47	.56	.61

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Continued

	1958	1957	1956	1955	1954
General:					
Sal. and Exp. of General Officers	\$ 243,217	\$ 219,774	\$ 226,705	\$ 185,528	\$ 169,154
Sal. and Exp. of Clerks and Attendants.....	1,083,666	1,069,616	951,873	841,066	824,300
General Office Supplies and Expenses.....	146,727	120,241	91,565	77,215	67,182
Law Expenses.....	153,308	151,338	141,527	142,564	118,614
Insurance.....	592	424	815	610	657
Pensions and Gratuities.....	439,307	400,784	145,057	45,909	38,665
Stationery and Printing.....	50,195	61,231	43,521	46,491	51,901
Other Expenses.....	120,114	61,349	123,978	91,134	63,580
General Joint Facilities—Dr.....	12,441	14,413	13,340	11,918	18,175
General Joint Facilities—Cr.....	4,361	5,306	4,057	4,258	4,209
Total General.....	\$ 2,245,206	\$ 2,093,864	\$ 1,734,324	\$ 1,438,177	\$ 1,348,019
Per cent to Total Operating Revenues.....	5.23	4.42	3.61	3.46	3.44
Total Railway Operating Expenses.....	\$35,689,893	\$39,379,471	\$37,612,524	\$33,079,561	\$33,455,323
Per cent to Total Operating Revenues.....	83.06	83.04	78.37	79.49	85.37
NET REVENUE FROM RAILWAY OPERATIONS	\$ 7,281,167	\$ 8,045,625	\$10,378,489	\$ 8,536,218	\$ 5,734,288

RAILWAY TAX ACCRUALS

Payroll Taxes:					
Railroad Retirement	\$ 1,079,506	\$ 1,249,839	\$ 1,207,807	\$ 1,122,461	\$ 1,133,803
Railroad Unemployment.....	436,878	396,535	295,215	89,841	90,481
Total Payroll Taxes.....	1,516,384	1,646,374	1,503,022	1,212,302	1,224,284
Other Taxes:					
Federal Income:					
Current Year.....	65,000	415,000	1,670,000	2,061,000	300,000
Adjustment of Prior Years.....	60,795	5,026	.....	.....	.....
State, Local and Other.....	1,818,406	1,849,707	1,815,185	1,616,425	1,494,926
Total Other Taxes.....	1,822,611	2,269,733	3,485,185	3,677,425	1,794,926
Total Railway Tax Accruals.....	\$ 3,338,995	\$ 3,916,107	\$ 4,988,207	\$ 4,889,727	\$ 3,019,210
RAILWAY OPERATING INCOME.....	\$ 3,942,172	\$ 4,129,518	\$ 5,390,282	\$ 3,646,491	\$ 2,715,078

EQUIPMENT RENTS — NET

Freight Cars.....	\$ 274,773	\$ 894,114	\$ 1,212,325	\$ 115,428	\$ 14,855
Passenger Cars.....	131,689	170,993	95,096	71,555	38,009
Locomotives.....	29,344	18,357	21,103	25,516	36,064
Work Equipment.....	2,821	1,492	1,254	3,042	8,195
Total Equipment Rents—Net.....	\$ 374,297	\$ 1,048,242	\$ 1,287,572	\$ 66,347	\$ 21,105

JOINT FACILITY RENTS

Rents Payable.....	\$ 530,414	\$ 607,430	\$ 583,857	\$ 552,281	\$ 497,692
Rents Receivable.....	262,428	294,839	294,548	301,276	275,932
Total Joint Facility Rents—Net.....	\$ 267,986	\$ 312,591	\$ 289,309	\$ 251,005	\$ 221,760
TOTAL WORKING EXPENSES.....	\$39,671,171	\$44,656,411	\$44,177,612	\$38,153,946	\$36,675,188
Per cent to Total Operating Revenues.....	92.32	94.16	92.05	91.68	93.58
NET RAILWAY OPERATING INCOME.....	\$ 3,299,889	\$ 2,768,685	\$ 3,813,401	\$ 3,461,833	\$ 2,514,423

Figures in Bold Face Denote Contra.

DETAILS OF INCOME ACCOUNT—Concluded

OTHER INCOME

	1958	1957	1956	1955	1954
Miscellaneous Rent Income	\$ 124,746	\$ 113,185	\$ 90,315	\$ 87,618	\$ 93,801
Income from Non-Operating Property	4,935	1,483	5,658	6,928	8,123
Dividend Income	4,144	4,144	4,144	4,144	4,277
Interest Income	123,196	219,226	172,605	106,409	63,951
Miscellaneous Income	69,390	11,921	11,945	14,125	11,565
Total Other Income	\$ 326,411	\$ 346,993	\$ 284,667	\$ 219,224	\$ 181,717
TOTAL INCOME	\$3,626,300	\$3,115,678	\$4,098,068	\$3,681,057	\$2,696,140

MISCELLANEOUS DEDUCTIONS FROM INCOME

Miscellaneous Rents	\$ 3,377	\$ 4,539	\$ 4,616	\$ 3,342	\$ 3,321
Miscellaneous Tax Accruals	4,791	240	2,234	2,360	2,208
Miscellaneous Income Charges	344,221	213,008	14,520	27,183	11,987
Total Miscellaneous Deductions from Income	\$ 352,389	\$ 217,307	\$ 21,370	\$ 32,885	\$ 17,516

INCOME AVAILABLE FOR FIXED AND

CONTINGENT CHARGES	\$3,273,911	\$2,898,371	\$4,076,698	\$3,648,172	\$2,678,624
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FIXED CHARGES

Rent for Leased Road and Equipment	\$ 1,685	\$ 1,685	\$ 1,685	\$ 1,685	\$ 1,685
Interest on Equipment Obligations	454,231	406,600	292,672	290,359	128,743
Interest on Unfunded Debt	157	230	965	375	391
Amortization of Discount on Funded Debt	12,123	10,904	7,260	7,111	6,545
Total Fixed Charges	\$ 468,196	\$ 419,419	\$ 302,582	\$ 299,530	\$ 137,364

INCOME AVAILABLE FOR CONTINGENT CHARGES	\$2,805,715	\$2,478,952	\$3,774,116	\$3,348,642	\$2,541,260
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CONTINGENT INTEREST

Interest on First Mortgage Bonds	\$ 280,760	\$ 280,706	\$ 282,158	\$ 283,909	\$ 283,909
Interest on General Mortgage Bonds	537,672	545,312	552,152	552,592	564,352
Total Contingent Interest	\$ 818,432	\$ 826,018	\$ 834,310	\$ 836,501	\$ 848,261

NET INCOME	\$1,987,283	\$1,652,934	\$2,939,806	\$2,512,141	\$1,692,999
Less Sinking Fund—General Mortgage*	100,645	100,645	100,645	100,645	100,645
BALANCE AFTER SINKING FUND CHARGES	\$1,886,638	\$1,552,289	\$2,839,161	\$2,411,496	\$1,592,354

*Effective January 1, 1958, appropriations for the Sinking Fund were charged direct to Retained Income in accordance with accounting regulations prescribed by the Interstate Commerce Commission.
 Figures in Bold Face Denote Contra.

OPERATING STATISTICS

	1958	1957	1956	1955	1954
AVERAGE MILES OF ROAD OPERATED.....	3,222.20	3,222.16	3,223.98	3,224.14	3,222.40
TRAIN MILES (REVENUE SERVICE)					
Freight Service:					
Steam.....	.....	277	20,225	13,197	415,530
Diesel.....	2,773,231	3,113,496	3,059,623	2,931,104	2,450,792
Total.....	2,773,231	3,113,773	3,079,848	2,944,301	2,866,322
Passenger Service:					
Steam.....	.....	198	234	10,605	546,252
Diesel.....	1,444,934	1,431,967	1,447,425	1,447,513	982,053
Total.....	1,444,934	1,432,165	1,447,659	1,458,118	1,528,305
TOTAL TRAIN MILES.....	4,218,165	4,545,938	4,527,507	4,402,419	4,394,627
LOCOMOTIVE MILES (REVENUE SERVICE)					
Freight Service:					
Steam.....	.....	277	20,225	14,070	453,972
Diesel.....	2,784,310	3,133,532	3,097,409	2,965,324	2,469,489
Total.....	2,784,310	3,133,809	3,117,634	2,979,394	2,923,461
Passenger Service:					
Steam.....	.....	198	234	10,701	562,497
Diesel.....	1,462,449	1,449,681	1,468,257	1,472,909	993,399
Total.....	1,462,449	1,449,879	1,468,491	1,483,610	1,555,896
Switching Service—Road and Yard					
Steam.....	.....	1,488	10,848	7,056	298,686
Diesel.....	1,011,157	1,159,621	1,151,329	922,002	550,428
Total.....	1,011,157	1,161,109	1,162,177	929,058	849,114
TOTAL LOCOMOTIVE MILES.....	5,257,916	5,744,797	5,748,302	5,392,062	5,328,471
CAR MILES (REVENUE SERVICE)					
Freight:					
Loaded.....	83,028,854	89,443,198	96,991,367	89,056,286	81,612,186
Empty.....	48,287,625	53,425,179	55,228,044	45,978,770	42,944,720
Caboose.....	2,271,597	2,592,378	2,546,238	2,550,563	2,167,957
Total.....	133,588,076	145,460,755	154,765,649	137,585,619	126,724,863
Passenger:					
Coaches.....	1,564,280	1,598,071	1,642,456	1,657,234	1,734,643
Sleeping and Parlor.....	1,907,858	2,027,884	2,268,774	2,204,871	2,572,960
Other.....	5,038,990	5,097,367	5,097,754	5,197,307	5,655,820
Total.....	8,511,128	8,723,322	9,008,984	9,059,412	9,963,423
TOTAL CAR MILES.....	142,099,204	154,184,077	163,774,633	146,645,031	136,688,286
GROSS TON MILES					
Freight Service—Cars and Contents.....	5,939,656,406	6,557,385,591	6,974,432,205	6,255,836,910	5,558,333,962
Passenger Service—Cars Only.....	501,768,192	512,330,088	532,199,348	532,591,708	580,257,396
TOTAL GROSS TON MILES.....	6,441,424,598	7,069,715,679	7,506,631,553	6,788,428,618	6,138,591,358

OPERATING STATISTICS—Continued

	1958	1957	1956	1955	1954
CONSUMPTION OF FUEL:					
Coal in Tons:					
Freight.....	..... †	..... †	1,846	1,118	43,958
Passenger.....	..... †	..... †	24	506	21,775
Yard Switching.....	..... †	..... †	105	346	14,186
Total.....	..... †	..... †	1,975	1,970	79,919
Average Cost per Ton.....	..... †	..... †	\$9.2152	\$6.6226	\$7.2077
Diesel Fuel in Gallons:					
Freight.....	9,930,900	10,459,250	10,973,496	9,763,355	8,224,878
Passenger.....	2,492,570	2,509,035	2,708,205	2,598,783	2,207,496
Yard Switching.....	878,646	1,030,301	1,061,457	941,134	635,022
Total.....	13,302,116	13,998,586	14,743,158	13,303,272	11,067,396
Average Cost per Gallon	\$.0980	\$.1055	\$.1051	\$.1016	\$.1063
Cost per 1,000 Gross Ton Miles:					
Steam Fuel;					
Road Freight.....	..... †	..... †	\$ .8410	\$.7800*	\$.6080
Road Passenger.....	..... †	..... †	1.1511	7.1362*	2.0996
Diesel Fuel;					
Road Freight.....	\$.1627	\$.1663	\$.1618	\$.1544	\$.1735
Road Passenger.....	.4582	.4959	.5175	.4793	.4464
Cost per Switch Engine Hour:					
Steam Fuel.....	..... †	..... †	\$2.5319	\$3.6075*	\$3.0288
Diesel Fuel.....	.7974	\$.8980	.8914	.8760	.9882
FREIGHT TRAFFIC:					
Freight Revenue.....	\$39,705,478	\$44,179,779	\$44,810,629	\$38,474,998	\$35,996,252
Number of Carloads.....	248,292	281,692	297,077	286,875	255,825
Tons—Revenue Freight.....	9,411,066	10,752,965	11,273,589	10,852,263	9,302,170
Ton Miles—Revenue Freight.....	2,655,328,802	2,974,709,559	3,212,886,906	2,918,609,667	2,549,629,233
Train Load:					
Gross Tons per Train—Steam.....	..... †	..... †	1,097	832	1,386
Diesel.....	2,114	2,080	2,272	2,131	2,033
Average.....	.....	.....	2,265	2,125	1,939
Net Tons per Carload.....	32.0	33.3	33.1	32.8	31.2
Train Fuel Consumption per 1,000 Gross Ton Miles:					
Pounds of Coal—Steam.....	..... †	..... †	166	211	153
Gallons of Fuel Oil—Diesel.....	1.7	1.6	1.6	1.6	1.6
Train Speed:					
Steam.....	..... †	..... †	13.9	14.3	15.9
Diesel.....	20.9	21.0	20.5	21.0	21.1
Average.....	.....	.....	20.4	20.9	20.2
Gross Ton Miles per Train Hour:					
Steam.....	..... †	..... †	15,303	11,868	22,100
Diesel.....	44,129	43,809	46,477	44,727	42,949
Average.....	.....	.....	46,177	44,511	39,124

*Includes loss on disposition of locomotive coal on account of dieselization.

†Statistics relating to steam operation too small to report.

OPERATING STATISTICS—Continued

	1958	1957	1956	1955	1954
Averages per Mile of Road:					
Freight Revenue.....	\$ 12,322	\$ 13,711	\$ 13,899	\$ 11,933	\$ 11,171
Train Miles.....	861	966	955	913	889
Freight Train Car Miles.....	41,459	45,144	48,005	42,674	39,326
Ton Miles—Revenue Freight.....	824,073	923,204	996,559	905,237	791,221
Averages per Train Mile:					
Freight Revenue.....	\$ 14.32	\$ 14.19	\$ 14.55	\$ 13.07	\$ 12.56
Freight Cars—Loaded.....	29.9	28.7	31.5	30.2	28.5
Freight Cars—Empty.....	17.4	17.2	17.9	15.8	15.0
Tons of Revenue Freight.....	957.5	955.3	1,043.2	991.3	889.5
Gross Tons.....	2,141.8	2,105.9	2,264.5	2,124.7	1,939.2
Averages per Loaded Car Mile:					
Freight Revenue (Cents).....	47.8	49.4	46.2	43.2	44.1
Tons of Revenue Freight.....	32.0	33.3	33.1	32.8	31.2
Miscellaneous Averages:					
Revenue per Ton of Freight.....	\$ 4.22	\$ 4.11	\$ 3.97	\$ 3.55	\$ 3.87
Revenue per Ton Mile of Freight (Cents).....	1.50	1.49	1.39	1.32	1.41
Miles Hauled per Ton—Revenue Freight.....	282.2	276.6	285.0	268.9	274.1
PASSENGER TRAFFIC:					
Passenger Revenue.....	\$ 744,911	\$ 852,254	\$ 883,025	\$ 927,296	\$ 978,930
Total Passenger Train Revenue.....	\$2,443,342	\$2,410,161	\$ 2,425,953	\$ 2,409,287	\$ 2,568,725
Revenue Passengers Carried.....	152,828	159,620	180,596	163,931	178,342
Revenue Passenger Miles.....	29,677,737	42,827,160	45,145,846	49,888,596	51,783,492
Averages per Mile of Road:					
Passenger Revenue.....	\$ 231	\$ 264	\$ 274	\$ 288	\$ 304
Total Passenger Train Revenue.....	\$ 758	\$ 748	\$ 752	\$ 747	\$ 797
Train Miles.....	448	444	449	452	474
Passenger Train Car Miles.....	2,641	2,707	2,794	2,810	3,092
Revenue Passenger Miles.....	9,210	13,291	14,003	15,473	16,070
Averages Per Train Mile:					
Passenger Revenue.....	\$.52	\$.60	\$.61	\$.64	\$.64
Total Passenger Train Revenue.....	\$ 1.69	\$ 1.68	\$ 1.68	\$ 1.65	\$ 1.68
Passenger Cars.....	5.9	6.1	6.2	6.2	6.5
Passengers.....	20.5	29.9	31.2	34.2	33.9
Averages per Car Mile:					
Passenger Revenue (cents).....	21.5	23.5	22.6	24.0	22.7
Total Passenger Train Revenue (cents).....	28.7	27.6	26.9	26.6	25.8
Passengers.....	8.5	11.8	11.5	12.9	12.0
Miscellaneous Averages:					
Passenger Revenue per Passenger.....	\$ 4.87	\$ 5.34	\$ 4.89	\$ 5.66	\$ 5.49
Passenger Revenue per Passenger Mile (cents).....	2.51	1.99	1.96	1.86	1.89
Miles Carried—Revenue Passengers.....	194.2	268.3	250.0	304.3	290.4

OPERATING STATISTICS—Concluded

	1958	1957	1956	1955	1954
TOTAL TRAFFIC:					
Operating Revenue.....	\$42,971,060	\$47,425,096	\$47,991,013	\$41,615,779	\$39,189,611
Operating Expenses.....	\$35,689,893	\$39,379,471	\$37,612,524	\$33,079,561	\$33,455,323
Net Operating Revenue.....	\$ 7,281,167	\$ 8,045,625	\$10,378,489	\$ 8,536,218	\$ 5,734,288
Averages per Mile of Road:					
Train Miles.....	1,309	1,411	1,404	1,365	1,364
Car Miles.....	44,100	47,851	50,799	45,483	42,418
Operating Revenue.....	\$13,336	\$14,718	\$14,886	\$12,908	\$12,162
Operating Expenses.....	\$11,076	\$12,221	\$11,667	\$10,260	\$10,382
Net Operating Revenue.....	\$ 2,260	\$ 2,497	\$ 3,219	\$ 2,648	\$ 1,780
Averages per Train Mile:					
Operating Revenue.....	\$ 10.19	\$10.43	\$10.60	\$ 9.45	\$ 8.92
Operating Expenses.....	\$ 8.46	\$ 8.66	\$ 8.31	\$ 7.51	\$ 7.62
Net Operating Revenue.....	\$ 1.73	\$ 1.77	\$ 2.29	\$ 1.94	\$ 1.30

CLASSIFICATION OF TONS OF REVENUE FREIGHT

Grain.....	1,556,734	1,844,829	1,833,354	1,608,940	1,485,781
Other Products of Agriculture.....	362,602	373,247	382,975	402,522	405,734
Animals and Animal Products.....	121,610	104,969	101,412	98,793	85,236
Products of Mines.....	2,720,661	3,225,034	3,670,274	3,968,142	2,938,863
Products of Forests.....	1,981,007	2,286,656	2,378,775	2,138,360	1,857,502
Manufactures and Miscellaneous.....	2,614,560	2,858,086	2,847,636	2,577,511	2,467,949
Total Carload Freight.....	9,357,174	10,692,821	11,214,426	10,794,268	9,241,065
Less than Carload Freight.....	53,892	60,144	59,163	57,995	61,105
TOTAL TONS—REVENUE FREIGHT.....	9,411,066	10,752,965	11,273,589	10,852,263	9,302,170

COMPARISON OF FREIGHT TONNAGE AND REVENUES

	TONNAGE PER CENT					REVENUE PER CENT				
	1958	1957	1956	1955	1954	1958	1957	1956	1955	1954
Grain.....	16.54	17.16	16.26	14.83	15.97	32.20	33.39	31.91	30.39	29.29
Other Products of Agriculture.....	3.85	3.47	3.40	3.71	4.36	3.71	3.27	3.48	4.22	4.66
Animals and Animal Products.....	1.29	.98	.90	.91	.92	1.93	1.69	1.37	1.68	1.83
Products of Mines.....	28.91	29.99	32.56	36.57	31.59	10.52	9.50	11.98	13.16	11.55
Products of Forests.....	21.05	21.26	21.10	19.70	19.97	18.48	17.35	17.61	18.38	16.17
Manufactures and Miscellaneous.....	27.79	26.58	25.26	23.75	26.53	30.32	32.01	31.05	29.28	33.22
Total Carload Freight.....	99.43	99.44	99.48	99.47	99.34	97.16	97.21	97.40	97.11	96.72
Less than Carload Freight.....	.57	.56	.52	.53	.66	2.84	2.79	2.60	2.89	3.28

GRAIN MOVEMENT

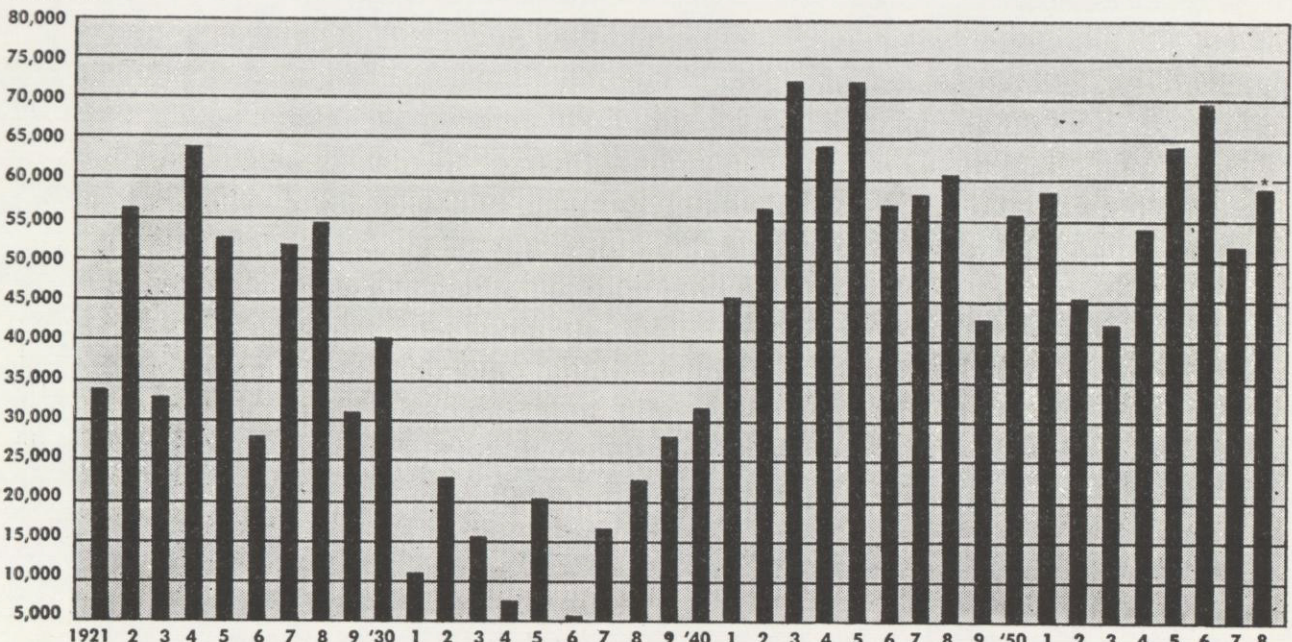
Annual movement of grain in bushels, separated between that originated on line and that received from connections in the grain territory, and other movements consisting chiefly of transfers of grain between Minneapolis and the Head-of-the-Lakes.

(000 omitted)

	Originated on Line		Total	Received from Connections	Total	Other Movements	Total
	Jan. 1 to July 31	Aug. 1 to Dec. 31					
1939.....	7,941	17,625	25,566	1,594	27,160	3,104	30,264
1940.....	10,886	18,766	29,652	7,831	37,483	2,447	39,930
1941.....	13,549	26,165	39,714	3,433	43,147	5,127	48,274
1942.....	16,941	29,854	46,795	1,642	48,437	4,073	52,510
1943.....	26,953	38,110	65,063	14,228	79,291	10,136	89,427
1944.....	34,453	34,399	68,852	34,578	103,430	6,743	110,173
1945.....	30,437	45,748	76,185	3,692	79,877	8,832	88,709
1946.....	26,769	32,417	59,186	1,477	60,663	6,883	67,546
1947.....	24,065	39,540	63,605	1,752	65,357	6,191	71,548
1948.....	19,282	34,689	53,971	1,597	55,568	5,245	60,813
1949.....	26,786	27,299	54,085	1,202	55,287	5,712	60,999
1950.....	16,218	31,193	47,411	1,215	48,626	4,350	52,976
1951.....	25,691	34,344	60,035	1,370	61,405	5,892	67,297
1952.....	24,799	27,114	51,913	4,132	56,045	6,021	62,066
1953.....	19,223	22,700	41,923	471	42,394	6,668	49,062
1954.....	19,810	29,540	49,350	1,388	50,738	6,785	57,523
1955.....	25,017	31,525	56,542	1,108	57,650	4,473	62,123
1956.....	32,968	33,239	66,207	1,833	68,040	3,429	71,469
1957.....	36,329	27,652	63,981	1,257	65,238	5,283	70,521
1958.....	24,693	27,511	52,204	1,419	53,623	5,401	59,024

BUSHEL
(,000 OMITTED)

GRAIN CROP ORIGINATING ON AND MOVING OVER SOO LINE
BY YEARS IN WHICH THE CROP WAS HARVESTED



*1958 Estimated

EQUIPMENT OWNED

	Jan. 1, 1958	Additions	Deductions	Dec. 31, 1958
STEAM LOCOMOTIVES				
Road.....	11	0	0	11
DIESEL-ELECTRIC LOCOMOTIVES				
Road Freight 3,000 H.P.—Double Unit.....	15	0	0	15
Road Passenger 3,000 H.P.—Double Unit.....	4	0	0	4
Road Passenger 1,500 H.P.—Single Unit.....	2	0	0	2
Road-Switch-Freight 1,750 H.P.—Single Unit.....	15	0	0	15
Road-Switch-Freight 1,600 H.P.—Single Unit.....	5	0	0	5
Road-Switch-Freight 1,500 H.P.—Single Unit.....	19	0	0	19
Road-Switch-Freight 1,000 H.P.—Single Unit.....	4	0	0	4
Road-Switch-Pass. or Frt. 1,750 H.P.—Single Unit.....	9	0	0	9
Switch—various H.P.—Single Unit.....	21	0	0	21
Total.....	94	0	0	94
FREIGHT-TRAIN CARS				
Automobile Cars.....	30	0	0	30
Ballast Cars.....	136	0	4	132
Box Cars.....	4741	0	84	4657
Box Cars—Insulated.....	10	4†	0	14
Caboose Cars.....	122	0	2	120
Coke Cars.....	4	0	0	4
Flat Cars.....	243	25	26	242
Gondola Cars.....	686	50	1	735
Covered Hopper Cars.....	118	35	0	153
Hopper Cars.....	295	0	0	295
Ore Cars.....	1302	0	0	1302
Stock Cars.....	384	0	0	384
Tank Cars.....	2	1§	0	3*
Sulphur Cars.....	0	1§	0	1
Total.....	8073	116	117	8072
PASSENGER-TRAIN CARS				
Baggage Cars.....	28	3	0	31
Dining Cars.....	4	0	1	3
Mail and Express Cars.....	18	0	2	16
Mail, Express and Coach.....	7	0	0	7
Passenger Coaches.....	27	0	0	27
Cafe-Lounge.....	4	0	0	4
Coach-Buffer.....	1	0	0	1
Passenger and Baggage Cars.....	13	0	1	12
Sleeping Cars.....	9	0	0	9
Tourist Cars.....	6	0	0	6
Sleeping-Restaurant and Lounge.....	2	0	0	2
Drover Cars.....	5	0	4	1
Total.....	124	3	8	119
WORK EQUIPMENT.....	307	11	0	318
MISCELLANEOUS EQUIPMENT.....	96	26	13	109**

†Converted from Box Cars.

§Converted from Flat Cars.

*Tanks owned by Gedney Pickle Co. mounted on flat cars owned by this company.

**Includes 5 automobiles owned jointly with N.P. Ry. and two owned jointly with D.S.S.&A. R.R.

INVESTMENT IN ROAD AND EQUIPMENT

	Road and General Expenditures	Equipment	Total
Additions and Betterments.....	\$1,586,321	\$1,412,657	\$ 2,998,978
Less Retirements.....	601,585	341,390	942,975
Net Increase.....	<u>\$ 984,736</u>	<u>\$1,071,267</u>	<u>\$ 2,056,003</u>

Changes by Primary Accounts

	Expenditures	Property Retired	Investment December 31, 1958
Road:			
Engineering.....	\$ 29,110	\$ 4,167	\$ 2,960,275
Land for Transportation Purposes.....	2,908	330,727	5,957,764
Other Right-of-Way Expenditures.....	558	680	287,303
Grading.....	172,157	1,387	28,850,190
Tunnels and Subways.....			585,583
Bridges, Trestles and Culverts.....	354,188	105,485	8,042,530
Ties.....	35,389	9,526	7,302,589
Rails.....	124,303	11,420	15,907,425
Other Track Material.....	272,267	14,782	9,537,706
Ballast.....	59,815	1,532	4,944,998
Track Laying and Surfacing.....	80,599	9,031	8,610,880
Fences, Snowsheds and Signs.....	3,150	1,070	1,441,956
Station and Office Buildings.....	116,775	23,246	4,423,253
Roadway Buildings.....	8,309	3,760	261,044
Water Stations.....	39,882	15,334	258,938
Fuel Stations.....	27,521	23,245	356,682
Shops and Enginehouses.....	121,823	22,801	4,062,496
Wharves and Docks.....			171,366
Communication Systems.....	4,069	250	1,270,192
Signals and Interlockers.....	42,922	8,629	916,942
Power Plants.....			91,501
Power Transmission Systems.....	849	60	123,883
Miscellaneous Structures.....	32,344		56,914
Roadway Machines.....	53,531		1,132,462
Roadway Small Tools.....	3,492		46,729
Public Improvements—Construction.....	81,008	6,417	1,903,179
Other Expenditures—Road.....			864
Shop Machinery.....	13,070	225	1,507,589
Power Plant Machinery.....			177,147
Total.....	<u>\$1,586,321</u>	<u>\$ 593,324</u>	<u>\$111,190,380</u>
Equipment:			
Steam Locomotives.....			\$ 427,173
Diesel-electric Locomotives.....	\$ 10,378		16,554,075
Freight-Train Cars.....	963,675	\$ 265,071	28,728,658
Passenger-Train Cars.....	2,808	43,829	2,486,260
Work Equipment.....	283,707	262	1,452,918
Miscellaneous Equipment.....	88,382	32,228	286,517
Unapplied Material and Supplies—Equipment.....	69,323		172,912
Total.....	<u>\$1,412,657</u>	<u>\$ 341,390</u>	<u>\$ 50,108,513</u>
General Expenditures:			
Organization Expense.....			\$ 168,733
General Officers and Clerks.....		\$ 595	465,296
Law.....		370	283,787
Stationery and Printing.....		44	34,006
Taxes.....		207	158,897
Interest during Construction.....		6,912	5,232,167
Other Expenditures—General.....		133	102,075
Total.....		<u>\$ 8,261</u>	<u>\$ 6,444,961</u>
Grand Total.....	<u>\$2,998,978</u>	<u>\$ 942,975</u>	<u>\$167,743,854</u>

Figures in Bold Face Denote Contra.

MILES OF ROAD OPERATED

SOLELY OWNED

Minnesota Division

	Miles
Portal, N. D.....to Minneapolis, Minn., W. Switch, Humboldt Yard.....	516.89
Whitetail, Mont.....to Flaxton, N. D.....	136.65
New Town, N. D.....to Prairie Junction, N. D.....	32.28
Plaza, N. D.....to Max, N. D.....	35.65
Max, N. D.....to Drake, N. D.....	48.13
Max, N. D.....to Hankinson, N. D.....	303.78
Pollock, S. D.....to Wishek, N. D.....	70.72
Grenville, S. D.....to Fairmount, N. D.....	83.61
Total Minnesota Division.....	1,227.71

Winnipeg Division

Noyes, Minn.....to Glenwood, Minn.....	265.05
Kenmare, N. D.....to Dakota Junction, Minn.....	296.35
Armourdale, N. D.....to Egeland, N. D.....	21.86
Drake, N. D.....to Fordville, N. D.....	130.41
Total Winnipeg Division.....	713.67

Minneapolis-Duluth Division

Minneapolis, Minn., 5th Avenue North..to W. Switch, Humboldt Yard.....	4.74
Minneapolis, Minn., Camden Place...to Weyerhaeuser, Wis.....	112.86
Minneapolis, Minn., Columbia Heights.to Hilo Junction.....	1.09
St. Paul, Minn.....to Cardigan Junction, Minn.....	8.14
Dresser Jct., Wis.....to Superior, Wis., 28th Street.....	103.34
Superior, Wis., 12th Street Junction...to Interstate Bridge.....	1.89
Duluth, Minn., Interstate Bridge...to 10th Ave., Freight House.....	1.39
Summit, Wis.....to St. Croix Falls, Wis.....	2.00
Ridgeland, Wis.....to Barron, Wis.....	18.52
Rice Lake, Wis.....to Cameron, Wis.....	6.84
Superior, Wis.....to Conn. with N. P. Ry.....	.68
Plummer, Minn.....to Moose Lake, Minn.....	167.83
Lawler, Minn.....to East Lake, Minn.....	5.16
Ironton, Minn.....to Crosby, Minn.....	1.00
Boylston Jct., Wis.....to Brooten, Minn.....	175.88
McGregor, Minn.....to Conn. with N. P. Ry.....	.06
Total Minneapolis-Duluth Division.....	611.42

Gladstone Division

Weyerhaeuser, Wis.....to Sault Ste. Marie, Mich.....	378.72
Wisconsin Jct., Wis.....to W. & N. Junction, Wis.....	118.76
Appleton, Wis., North Wye.....to End of Track.....	1.00
Rapid River, Mich.....to Eben Junction, Mich.....	30.54
Total Gladstone Division.....	529.02
Total Solely Owned.....	3,081.82

JOINTLY OWNED

Sault Ste. Marie, Mich.—Joint with D. S. S. & A. R. R.	1.72
Minneapolis, Minn.—Joint with N. P. Ry.....	.88
Bemidji, Minn.—Joint with N. P. Ry.....	.19
Nashua, Minn., to Hankinson, N. D.—Joint with G. N. Ry	29.05
Schley, Minn., to Bemidji, Minn.—Joint with G. N. Ry.....	24.40
Deerwood, Minn., to Cuyuna Range Mines—Joint with N. P. Ry.....	19.90
Total Jointly Owned.....	76.14
Total Mileage Owned and Operated.....	3,157.96

MILES OF ROAD OPERATED—Concluded

Total Mileage Owned and Operated (brought forward)..... 3,157.96

TRACKAGE RIGHTS

Over Wisconsin Central Railroad

Superior, Wis., 28th Street.....to Tower Avenue.....	2.43
Duluth, Minn., Berwind Jct.....to 6th Avenue.....	4.71
Winnebago Jct., Wis.....to Menasha, Wis.....	4.25
Ladysmith, Wis.....	1.75
Total Over W. C. R. R.	13.14

Joint With Wisconsin Central Railroad

St. Paul, Minn.....N. P. Ry., Soo Line Jct. to W. C. Jct., Trout Brook Jct. to 3rd St..	2.15
St. P. U. D. Co., 3rd St. to Sibley St.....	.85
Minneapolis, Minn.....M. & St. L. Ry., 20th Ave. South to 4th Ave. North.....	.81
N. P. Ry., 4th Ave. N. to 14th Ave. N.....	.59
Superior, Wis.....D. S. Br. Co., Superior, Wis., to Duluth, Minn., Interstate Bridge	.54
L. S. T. & T. Ry., Tower Ave.....	.43
N. P. Ry., Grassy Point Line, Superior, Wis., to Duluth, Minn...	2.05
Duluth, Minn.....N. P. Ry. & C. & N. W. Ry., 8th to 15th Ave. West .....	.37
Total Joint with W. C. R. R.	7.79

Other

St. Paul, Minn.....W. C. Jct. to Trout Brook Jct.—N. P. Ry.....	.28
C. & N. W. Ry. and C. M. St. P. & P. R. R., Sibley St. to Chestnut St.....	.79
C. M. St. P. & P. R. R., Chestnut St. to Minneapolis, Minn....	10.54
Sault Ste. Marie, Mich.—Ste. Marie Bridge Co.....	.52
Deerwood—McGregor, Minn.—N. P. Ry.....	30.84
Superior—Ore Dock Line & Hill Ave. Yard—N. P. Ry.....	.47
Total Other	43.44
Total Soo Line Mileage Operated	3,222.33

MILEAGE OPERATED AS AGENT FOR WISCONSIN CENTRAL R. R.....	1,030.60
Less mileage common to both Soo Line and W. C. R. R.	66.50
Total System Mileage Operated, December 31, 1958	4,186.43

MILES OF ROAD OPERATED IN EACH STATE

	Soo Line	W. C. R. R.	Less Common Soo Line- W. C. R. R.	System
Montana.....	56.89	.....	.....	56.89
North Dakota.....	1,311.73	.....	.....	1,311.73
South Dakota.....	108.49	.....	.....	108.49
Minnesota.....	1,015.13	75.16	49.63	1,040.66
Wisconsin.....	506.55	863.76	16.87	1,353.44
Michigan.....	223.54	20.07	.....	243.61
Illinois.....	.....	71.61	.....	71.61
Total	3,222.33	1,030.60	66.50	4,186.43

SOO LINE TRAFFIC REPRESENTATIVES

You, as a stockholder, can play an important part in the movement of traffic, both freight and passenger, which is so vital to your company, by informing Soo Line traffic representatives of prospective movements; also by giving them information regarding relocation and expansion of industries that might be interested in locating in the territory served by your company. Sales and service agencies are maintained in the principal cities of both the United States and Canada, as listed below, and they would appreciate any such information that you might be able to give them.

Location	Name	Address	Telephone No.
ATLANTA 3	H. F. Nelson, Dist. Pass. Repr.	Cit. & Sou. Nat. Bk. Bldg.	Jackson 4-3866
BIRMINGHAM 3	W. S. Glover, Gen. Agent	301 Brown Marx Bldg.	Tel. 53-2832
BISMARCK	A. P. Simon, Gen. Agent	Soo Line Depot	Capital 3-5422
BOSTON 10	Wm. H. Schenk, Gen. Agent	Chamber of Commerce Bldg.	Hancock 6-5714
BOSTON 16	R. G. Williamson, Gen. Agt., Pass. Dept.	500 Little Bldg.	Hancock 6-7441
BUFFALO 3	J. B. Campbell, Gen. Agent	602 Ellicott Square Bldg.	Madison 8830
BUFFALO 2	A. C. Nieman, Gen. Agt., Pass. Dept.	Buffalo Industrial Bank Bldg.	Cleveland 0102-03
CHICAGO 4	A. T. Peterson, Gen. Freight Traffic Mgr.	2020 Board of Trade Bldg.	Harrison 7-0565
CHICAGO 3	T. J. Nolan, Dist. Pass. Repr.	39 S. La Salle St.	Andover 3-5940
CINCINNATI 2	F. A. Dykstra, District Frt. Agent	918 Dixie Terminal Bldg.	Cherry 1-1203-4
CINCINNATI 2	L. P. Dooley, Gen. Agt., Pass. Dept.	203 Dixie Terminal Bldg.	Main 1-1228
CLEVELAND 14	G. A. Johnstone, Gen. Agent	752 Union Comm. Bldg.	Main 1-3353
CLEVELAND 14	M. T. Jackson, Dist. Pass. Rep.	1039 Union Comm. Bldg.	Tower 1-1971
DALLAS 1	A. E. Gorman, District Frt. Agent	Kirby Bldg.	Riverside 7-3311
DALLAS 1	G. R. Watson, Dist. Pass. Rep.	Kirby Bldg.	Riverside 7-4777
DETROIT 26	M. P. Petrie, Gen. Agent	National Bank Bldg.	Woodward 2-4015
DETROIT 26	F. F. Hardy, Gen. Agt., Pass. Dept.	246 Book Bldg.	Woodward 3-7820
DULUTH 2	B. Hermanson, Asst. Traffic Mgr.	Soo Line Tml. Bldg.	Randolph 2-5801
DULUTH 2	A. E. Sword, Dist. Pass. Repr.	Soo Line Tml. Bldg.	Randolph 2-5801
EAU CLAIRE	J. C. Pedersen, Gen. Agent	Soo Line Depot	Temple 2-1552
EDMONTON	John Holloway, Gen. Agent	C. P. R. Office Bldg.	Tel. 25864-44023
INDIANAPOLIS 4	L. F. McMahon, Dist. Freight Agent	430 Merchants Bank Bldg.	Melrose 6-8003
KANSAS CITY 6	J. T. Donohue, Dist. Freight Agent	1410 Waldheim Bldg.	Victor 2-2235
LOS ANGELES 14	R. T. Nelson, Gen. Agent	519 Van Nuys Bldg.	Madison 2-0338
LOS ANGELES 14	A. D. Macdonald, Gen. Agt., Pass. Dept.	530 W. 6th St.	Michigan 8337
MEMPHIS 3	C. G. Seiss, Dist. Freight Agent	925 Exchange Bldg.	Jackson 5-2233
MENASHA	E. E. Widmer, Asst. Traffic Mgr.	Soo Line Depot	Tel. 2-2891
MILWAUKEE 3	E. S. Rogers, Jr., Asst. Traffic Mgr.	217 North Plankinton Ave.	Broadway 1-2643
MINNEAPOLIS 1	G. B. Shimek, Asst. Traffic Mgr.	501 2nd St. No.	Federal 2-1261
MINNEAPOLIS 2	R. E. Gifford, Dist. Pass. Repr.	Soo Line Bldg.	Federal 2-1261
MINOT	J. B. Benson, Asst. Traffic Mgr.	Soo Line Depot	Tel. 43-136
NEW ORLEANS 12	C. C. Watson, Dist. Frt. Agent	730 Hibernia Bank Bldg.	Jackson 2-7097
NEW YORK 7	A. O. Plunkett, Traffic Mgr.	950 Woolworth Bldg.	Cortlandt 7-0628
NEW YORK 17	J. E. Roach, Gen. Agt., Pass. Dept.	581 Fifth Ave.	Plaza 9-4433
OMAHA 2	F. H. Pitzl, Dist. Frt. Agent	917 W. O. W. Bldg.	Atlantic 9752
PHILADELPHIA	R. T. Waltz, Commercial Agent	2605 Laurel Drive, Bristol, Pa.	Locust 7-2788
PHILADELPHIA 9	W. J. Holman, Dist. Pass. Repr.	1036 Fid.-Phila. Trust Bldg.	Pennypacker 5-2305
PITTSBURGH 19	H. K. Willson, Gen. Agent	Grant Building	Atlantic 1-3860
PITTSBURGH 19	G. L. B. Wanamaker, Dist. Pass. Repr.	648 William Penn Place	Atlantic 1-2306
PORTLAND 5	H. T. Mitchell, Jr., General Agent	464 Pittcock Block	Capital 7-3716
PORTLAND 5	E. J. Dahlberg, Dist. Pass. Repr.	207 Amer. Bank Bldg.	Capital 7-2044
ST. LOUIS 1	J. C. Waddell, Dist. Frt. Agent	2051 Railway Exchange Bldg.	Main 1-4768
ST. LOUIS 2	J. J. Brown, Gen. Agt., Pass. Dept.	1220 Boatmen's Bank Bldg.	Garfield 1-2135
ST. PAUL 1	R. F. Donnett, Asst. Traffic Mgr.	483 East 7th St.	Capital 2-1891
ST. PAUL 1	R. L. Battleson, Dist. Pass. Repr.	483 East 7th St.	Capital 2-1891
SAN FRANCISCO 5	E. M. Ostby, Gen. Agent	Monadnock Bldg.	Yukon 6-6398
SAN FRANCISCO 8	R. S. Henry, Gen. Agt., Pass. Dept.	185 Post St.	Douglas 2-0134
SAULT STE. MARIE	R. E. Howard, Gen. Agent	Soo Line Depot	Me. 2-2243 and 2-2244
SEATTLE 1	B. R. Olson, Gen. Agent	1108-1109 Vance Bldg.	Main 4-0345 and 4-0444
SEATTLE 1	P. H. S. Godden, Gen. Agt., Pass. Dept.	216 White-Henry-Stuart Bldg.	Main 2-6275
SPOKANE 1	H. W. Monson, Gen. Agent	1130 Old Natl. Bank Bldg.	Temple 8-2901
SUPERIOR	O. A. Ness, Frt. and Pass. Agt.	Soo Line Depot	Tel. 3213
THIEF RIVER FALLS	V. C. Erickson, Gen. Agent	Soo Line Depot	Tel. 127
TORONTO	M. R. Gray, Gen. Agent	Can. Pacific Bldg.	Empire 3-0584
VANCOUVER	Ernest Jacquest, Gen. Agent	Can. Pacific Sta.	Pacific 2212
WASHINGTON	J. G. Quick, Gen. Agent	P.O. Box 9802, Rosslyn Station, Arlington 9, Va.	Executive 3-0736
WASHINGTON 6	J. A. C. Blair, Gen. Agt., Pass. Dept.	1504 K St. N. W.	National 8-4536
WINNIPEG	A. C. Cook, Gen. Agent	303 C. P. R. Bldg.	Whitehall 2-6197-8
WINNIPEG	C. N. Holt, Gen. Agt., Pass. Dept.	Corner Main and Portage	Whitehall 6-3215
WINSTON-SALEM 3	W. T. Dickson, Commercial Agent	Reynolds Bldg.	Park 2-0821

Our nation's economy and defense efforts are intimately linked with a sound railroad system. But are the railroads as sound or strong as they should be?

NOTES FOR THE CONGRESSIONAL CALENDAR

Certainly the transportation legislation enacted by Congress last year was a helpful step in the right direction, but the public must be made aware of the awesome challenges imposed by ill-conceived and misguided governmental transportation policies still in effect.

Further legislative action is needed if the railroads are to solve the problems that plague them. Of the many vital objectives which should be considered, here are several which demand prompt attention:

1. Removal of obstacles to transport diversification —

Railroad taxes help to pay for airports and airways, waterways, and highways. But railroads are not permitted to diversify and engage in these forms of transportation in order to provide customer services on the same basis as their competitors. *Shouldn't the railroads have this right?*

2. Repeal of the excise tax on passenger travel —

Enacted to discourage travelers during World War II from using overburdened public carriers, the tax — now 10% — is still hindering travel by rail and other for-hire carriers. *Shouldn't it be abolished?*

3. Repeal of agricultural commodities exemption or extension of the exemption to include railroads and other non-motor carriers —

Congress has exempted motor vehicles from regulation when hauling agricultural commodities, but has subjected all other carriers to regulation when they are moving the same commodities. *Shouldn't all . . . or none . . . be regulated?*

4. Realistic revision of tax depreciation policies —

Tax policies on depreciation of railroad plant and equipment are a drag on railroad modernization efforts. *Shouldn't these outdated tax policies be changed?*

5. Adequate charges for the use of transportation facilities provided at public expense —

Railroads support themselves and pay taxes. Yet they have to compete with other forms of transportation that use facilities provided, maintained, and operated with money supplied largely by taxpayers, including the railroads. *Shouldn't these users pay their own costs of doing business?*

Legislative action in these and other areas is necessary if the railroads are to be given the equality of opportunity upon which their future health depends. Discrimination is contrary to the "free enterprise" system.

Financially sound, progressive, and strong railroads are essential to a dynamic American economy and to our national defense.

As a holder of railroad securities, or as a consumer of transported goods, which include just about everything you eat, wear, or use, this legislation is of prime importance to YOU. You can help by contacting your Congressman — now!



M. St. P. & S. S. M. R. R. Co.

Our nation's economy and history
often are inextricably linked with the
sound financial system. But the
the Federal Reserve System
as they should be?

NOTES FOR THE CONGRESSIONAL CALENDAR

Certainly the Federal Reserve has been a helpful
in the past. It has been a major force in the
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1. Removal of obstacles to financial development --
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2. Expansion of the Federal Reserve System --
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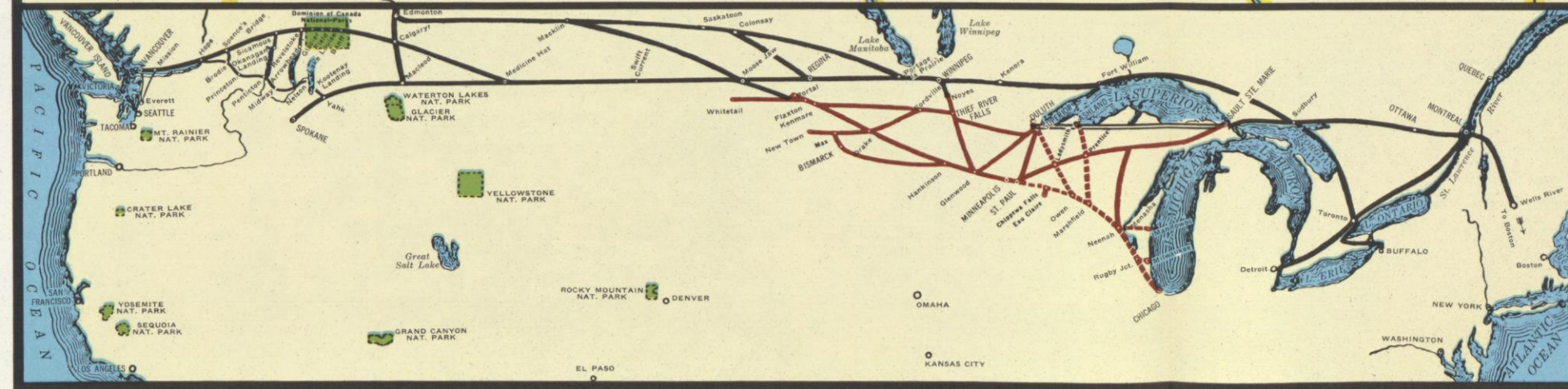
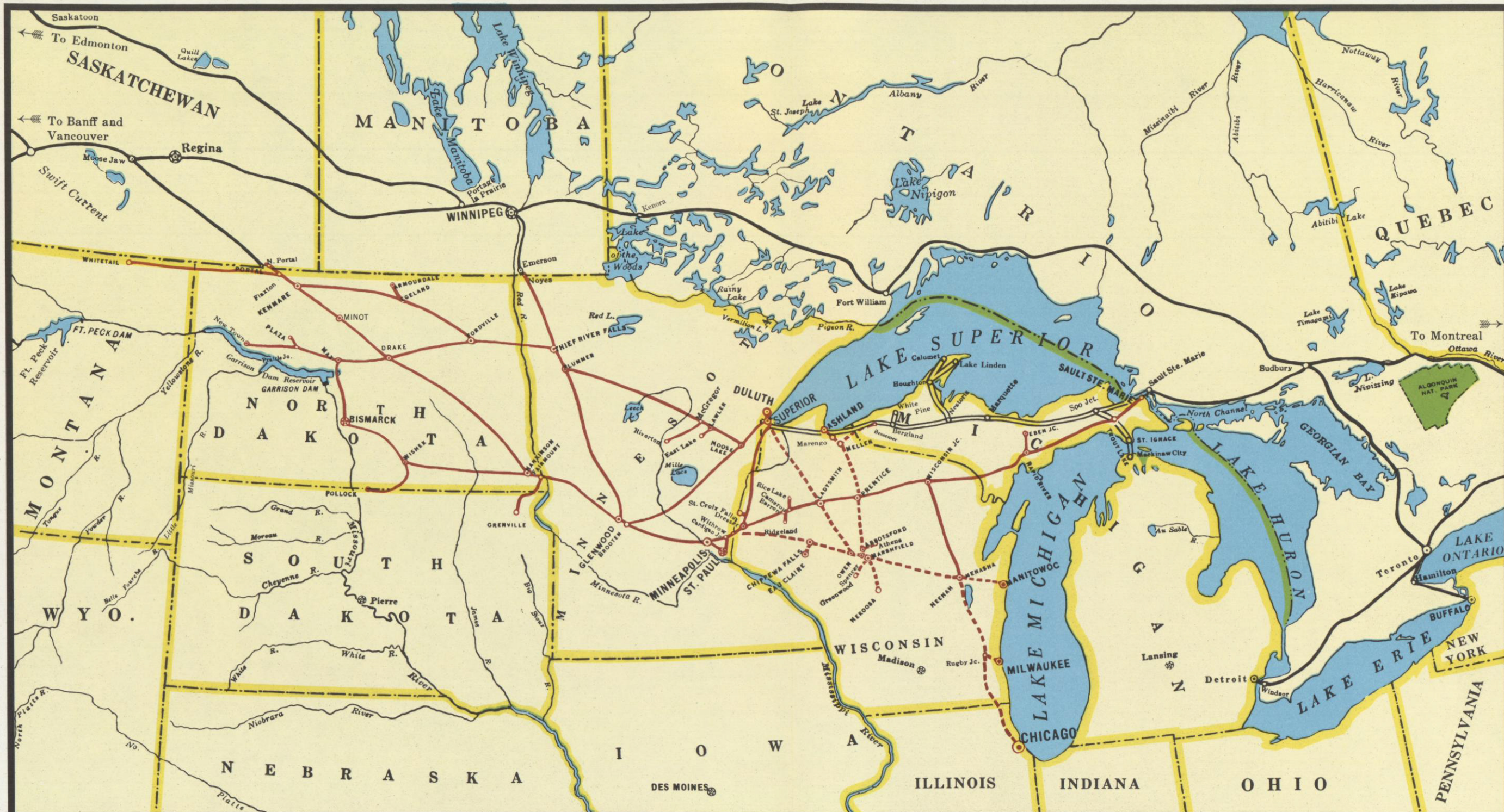
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LEGEND

- SOO LINE SYSTEM:
- Minneapolis, St. Paul & Sault Ste. Marie R. R.
 - Wisconsin Central R. R.
 - Canadian Pacific Ry.
 - Duluth, South Shore and Atlantic R. R.

